

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Borough of Rockaway Board of Education
Rockaway, New Jersey**

For the Fiscal Year Ended June 30, 2012

Prepared by

**Borough of Rockaway Board of Education
Finance Department**

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	
Independent Auditor's Report on Basic Financial Statements and Supplementary Schedules of Expenditures of Federal Awards and State Financial Assistance	10-11
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis (Unaudited)	13-19
BASIC FINANCIAL STATEMENTS	
A. District – Wide Financial Statements:	
A-1 Statement of Net Assets	22
A-2 Statement of Activities	23
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	26
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	27
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds:	
B-4 Statement of Net Assets	30
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	31
B-6 Statement of Cash Flows	32
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	34
B-8 Statement of Changes in Fiduciary Net Assets	35
NOTES TO FINANCIAL STATEMENTS	37-55

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

TABLE OF CONTENTS
CONTINUED

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	58-62
C-1A Budgetary Comparison Schedule – General Fund-Education Jobs Fund	63
C-2 Budgetary Comparison Schedule – Special Revenue Fund	64
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	
C-3 Budget to GAAP Reconciliation	66
OTHER SUPPLEMENTARY INFORMATION	
D. School Level Schedules: Fund Financial Statements:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type-Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	70-73
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Assets	N/A
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-3 Combining Statement of Cash Flows	N/A
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

TABLE OF CONTENTS
CONTINUED

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION –PART II (CONTINUED)	
H. Fiduciary Fund	
H-1 Combining Statement of Fiduciary Net Assets	N/A
H-2 Combining Statement of Changes in Fiduciary Net Assets	N/A
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	79
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	80
I. Long – Term Debt	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligation Under Capital Leases	82
I-3 Debt Service Fund Budgetary Comparison Schedule	N/A
STATISTICAL SECTION (UNAUDITED)	
J. Financial Trends:	
J-1 Net Assets by Component	84
J-2 Changes in Net Assets	85-86
J-3 Fund Balances – Governmental Funds	87
J-4 Changes in Fund Balances – Governmental Funds	88-89
J-5 General Fund – Other Local Revenue by Source	90
Revenue Capacity:	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	91
J-7 Direct and Overlapping Property Tax Rates	92
J-8 Principal Property Taxpayers	93
J-9 Property Tax Levies and Collections	94
Debt Capacity:	
J-10 Ratios of Outstanding Debt by Type	95
J-11 Ratios of Net General Bonded Debt Outstanding	96
J-12 Direct and Overlapping Governmental Activities Debt as of June 30	97
J-13 Legal Debt Margin Information	98
Demographic and Economic Information:	
J-14 Demographic and Economic Statistics	99
J-15 Principal Employers	100
Operating Information:	
J-16 Full-time Equivalent District Employees by Function/Program	101
J-17 Operating Statistics	102
J-18 School Building Information	103
J-19 Schedule of Required Maintenance for School Facilities	104
J-20 Insurance Schedule	105

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

TABLE OF CONTENTS
CONCLUDED

	<u>Page</u>
SINGLE AUDIT SECTION	
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"	107-108
K-2 Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	109-110
K-3 Schedule of Expenditures of Federal Awards, Schedule A	111
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	112
K-5 Notes to Schedules of Expenditures of Awards and Financial Assistance	113-114
K-6 Schedules of Findings and Questioned Costs	
Part 1 Summary of Auditor's Results	115-116
Part 2 Schedule of Financial Statement Findings	117
Part 3 Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs	118
K-7 Summary Schedule of Prior-Year Audit Findings and Questioned Costs as Prepared by Management	119

INTRODUCTORY SECTION

ROCKAWAY BOROUGH PUBLIC SCHOOLS

103 EAST MAIN STREET
ROCKAWAY, NEW JERSEY 07866

PATRICK TIERNEY, ED.D.
SUPERINTENDENT OF SCHOOLS

TEL: 973-625-8601
FAX: 973-625-7355

November 30, 2012

Honorable President and
Members of the Board of Education
Rockaway Borough Public Schools
103 East Main Street
Rockaway, New Jersey 07866

Dear Board Members:

The comprehensive annual financial report of the Rockaway Borough Public School District for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, "Audit of States, Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: The Rockaway Borough Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by GASB-14. All funds and account groups of the district are included in this report. The Rockaway Borough Board of Education and all its schools constitute the District's reporting entity.

The district provides a full range of educational services appropriate to grade levels Pre- K through 8. These include regular, vocational as well as special education for handicapped young men and women. The district completed the 2011-2012 fiscal year with an enrollment of 676 students. The following details the changes in student enrollment over the last seven years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	676	.01%
2010-2011	674	(.01%)
2009-2010	675	.01%
2008-2009	668	(.01%)
2007-2008	671	.047%
2006-2007	641	.05%
2005-2006	611.0	(.01%)
2004-2005	621.0	.04%
2003-2004	602.0	.022%
2002-2003	589.0	.011%

2) ECONOMIC CONDITIONS AND OUTLOOK: The Rockaway area is not experiencing any significant development or expansion; however there are several development projects being discussed at the town planning board level that could impact the district. These developments have been put on hold due to the weak economy. The town approved a new mosque. Our district is expecting to have an increase in enrollment due to families moving into the Borough for due to the opening of the mosque. The district enrollment has been increasing steadily over the past several years.

3) MAJOR INITIATIVES: Students in Rockaway Borough School System are evaluated using many different methods, i.e. teacher evaluations, teacher made tests, written reports, standardized tests, LinkedIt, and Success Maker.

All second grade students were administered the New Jersey Proficiency Assessment of State Standards (NJPASS). This assessment in a similar format that is comparable to the New Jersey Assessment of Skills and Knowledge (NJASK).

All third through eighth grade students were administered the NJASK during the 2011-2012 school year.

In our district, 66.1% of the third grade students met the state proficiency standards for Language Arts Literacy and 83.0% of the third grade students met the state proficiency standards for Math.

In our district, 37.7% of the fourth grade students met the state proficiency standards for Language Arts Literacy and 62.9% of the fourth grade students met the state proficiency standards for Math and 89.8% met state proficiency standards in Science.

In our district, 68.0% of the fifth grade students met the state proficiency standards for Language Arts Literacy and 78.6% of the fifth grade students met the state proficiency standards for Math.

In our district, 70.6% of the sixth grade students met the state proficiency standards for Language Arts Literacy and 80.0% of the sixth grade students met the state proficiency standards for Math.

In our district, 63.5% of the seventh grade students met the state proficiency standards for Language Arts Literacy and 60.9% of the seventh grade students met the state proficiency standards for Math.

Finally, in our district, 89.3% met the state proficiency standards for Language Arts Literacy and 76.0% met the state proficiency standards for Math and 86.6% met the state proficiency standards for Science.

4) INTERNAL ACCOUNTING CONTROL: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefit likely to be derived; and (2) the valuation of costs and benefits require estimates and judgements by management.

As a recipient of federal and state financial assistance, the District is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the district management.

As a part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including the portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voter of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts are to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

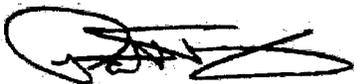
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9) OTHER INFORMATION: Independent Audit- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of VM Associates, Inc., was selected by the Board's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and state Treasurer Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGEMENT: We would like to express our appreciation to the members of the Rockaway Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

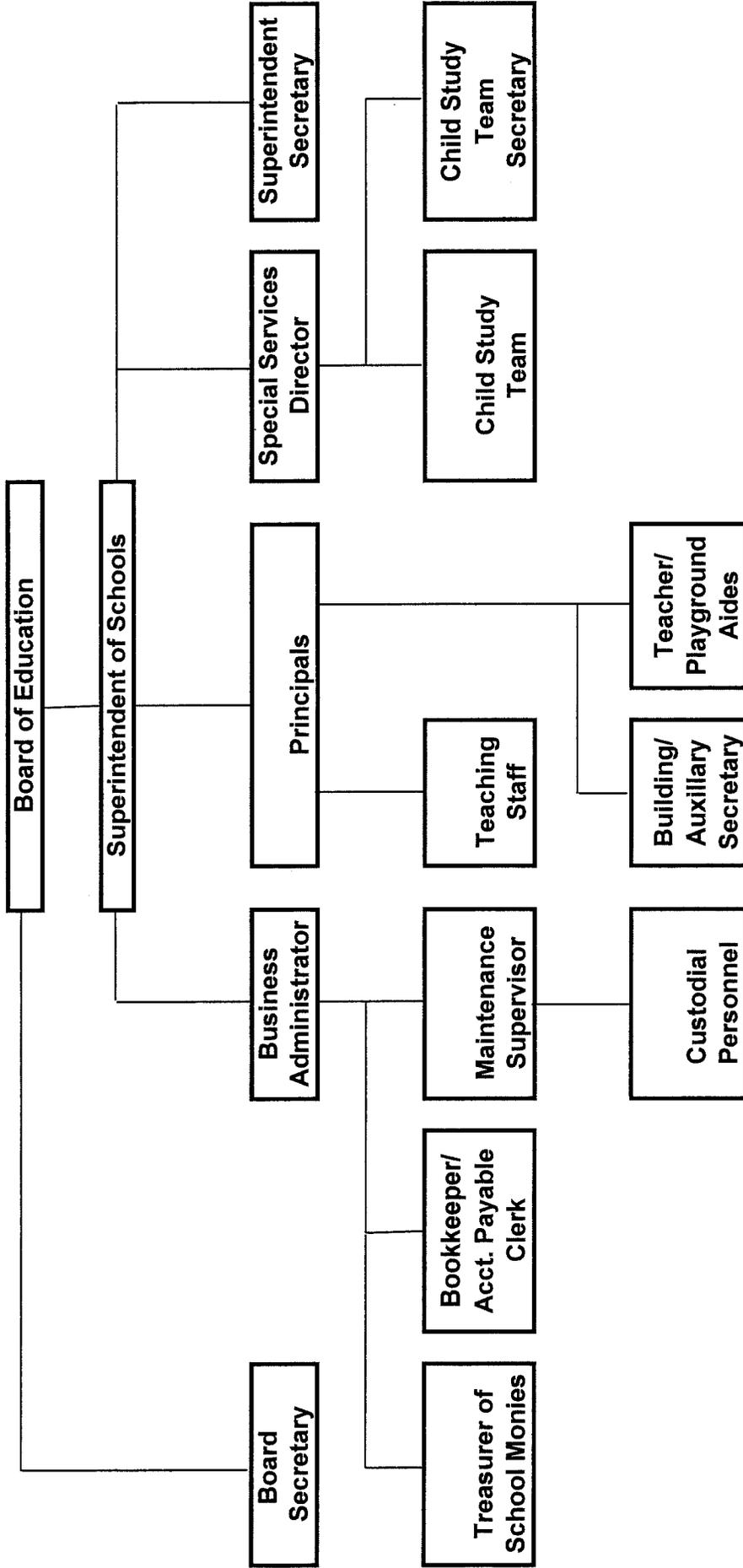
Respectfully submitted,



Patrick Tierney, Ed.D.
Superintendent of Schools

BOROUGH OF ROCKAWAY PUBLIC SCHOOLS

ORGANIZATION CHART



**BOROUGH OF ROCKAWAY
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>		<u>TERM EXPIRES</u>
Tim Rogers	President	2014
Debra Mc Nally	Vice President	2012
Laura Lugo	Member	2012
Eileen Haynes	Member	2014
Christa Smith	Member	2013

Other Officials

Dr. Patrick Tierney	Superintendent of Schools
Joseph P. Hurley, Jr.	Business Administrator/Board Secretary
Melissa Nestor	Treasurer of School Monies
Mark A. Wenczel, Esq.	Board Attorney

BOROUGH OF ROCKAWAY BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

ARCHITECT

Chapin Architectural Services, P.A.
237 Lakeside Boulevard
Hopatcong, New Jersey 07843-1619

AUDIT FIRM

VM Associates, Inc.
111 Howard Boulevard, Suite 212
P.O. Box 397
Mount Arlington, New Jersey 07856

ATTORNEY

Gaccione Pomanco
P.O. Box 96
Belleville, New Jersey 07109

INSURANCE AGENT

Henry O. Baker
75 Warren Street
Dover, New Jersey 07801

OFFICIAL DEPOSITORY

Sovereign Bank
110 East Main Street
Rockaway, New Jersey 07866

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Rockaway School District
County of Morris, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Rockaway School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Rockaway School District's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Rockaway School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2012 on our consideration of the Borough of Rockaway School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

111 Howard Boulevard
Suite 212
P.O. Box 397
Mt. Arlington, NJ 07856
Phone: 973-770-5491
Fax: 973-770-5494
vm_associates@msn.com

The Management's Discussion and Analysis on page 13 through 19 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Rockaway School District's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

November 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Rockaway Borough School District's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 22.

FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$289,984.78 as a result of this year's operations. Net assets of our business-type activities increased by \$8,246.39 or 12.44 percent, and net assets of our governmental activities increased by \$281,738.39 or 23.70 percent.
- Total cost of all of the District's programs was \$8,621,803.70 in 2011-2012 compared to \$8,240,562.76 in 2010-2011.
- During the year, the District had expenses for governmental activities that were \$281,738.39 less than the \$8,733,505.26 generated in tax and other program revenues.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 22 and 23) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 26. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 15. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental activities:** most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- **Business-Type-activities:** the District has one proprietary fund as shown on pages 30 to 32.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 17. The fund financial statements begin on page 26 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation on page 28.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust, Scholarship Funds and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 34 and 35. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

The District's *combined* net assets changed from a year ago, *increasing* from \$1,255,016.88 to \$1,545,001.66. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 1,069,481.57	\$ 835,816.15	\$ 57,639.82	\$ 68,217.85	\$ 1,127,121.39	\$ 904,034.00
Capital Assets	<u>883,401.09</u>	<u>781,666.26</u>	<u>22,955.08</u>	<u>25,049.77</u>	<u>906,356.17</u>	<u>806,716.03</u>
Total Assets	<u>1,952,882.66</u>	<u>1,617,482.41</u>	<u>80,594.90</u>	<u>93,267.62</u>	<u>2,033,477.56</u>	<u>1,710,750.03</u>
Long-Term Debt Outstanding	311,008.07	305,632.48			311,008.07	305,632.48
Other Liabilities	<u>171,385.85</u>	<u>123,099.58</u>	<u>6,081.98</u>	<u>27,008.23</u>	<u>177,467.83</u>	<u>150,107.81</u>
Total Liabilities	<u>482,393.92</u>	<u>428,732.06</u>	<u>6,081.98</u>	<u>27,008.23</u>	<u>488,475.90</u>	<u>455,740.29</u>
Net Assets:						
Invested in Capital Assets, Net of Debt	813,615.30	753,732.26	22,955.08	25,049.77	836,570.38	778,782.03
Restricted	633,452.71	409,154.57			633,452.71	409,154.57
Unrestricted (Deficit)	<u>23,420.73</u>	<u>25,863.52</u>	<u>51,557.84</u>	<u>41,216.76</u>	<u>74,978.57</u>	<u>67,080.28</u>
Total Net Assets	<u>\$ 1,470,488.74</u>	<u>\$ 1,188,750.35</u>	<u>\$ 74,512.92</u>	<u>\$ 66,266.53</u>	<u>\$ 1,545,001.66</u>	<u>\$ 1,255,016.88</u>

Net assets of the District's governmental activities *increased* 23.70 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements *decreased* \$2,442.79. Restricted net assets, those restricted mainly for capital projects *increased* \$224,298.14. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category *increased* \$59,883.04.

Table 2
Changes in Net Assets

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 123,532.30	\$ -	\$ 109,199.70	\$ 110,098.89	\$ 232,732.00	\$ 110,098.89
Operating Grants and Contributions	1,515,319.32	1,334,098.86	69,048.43	62,208.18	1,584,367.75	1,396,307.04
General Revenues:						
Property Taxes	6,989,235.00	6,766,947.00			6,989,235.00	6,766,947.00
Tuition	-	57,808.32			-	57,808.32
Federal and State Aid Not Restricted	75,946.56	195,376.50			75,946.56	195,376.50
Interest and Investment Earnings	384.95	1,225.97	35.09	38.44	420.04	1,264.41
Other General Revenues	29,087.13	37,132.52	-	-	29,087.13	37,132.52
Total Revenues:	<u>8,733,505.26</u>	<u>8,392,589.17</u>	<u>178,283.22</u>	<u>172,345.51</u>	<u>8,911,788.48</u>	<u>8,564,934.68</u>
<u>Program Expenses Including Indirect Expenses</u>						
Instruction:						
Regular	3,209,517.92	3,483,972.08			3,209,517.92	3,483,972.08
Special	1,054,608.10	927,438.78			1,054,608.10	927,438.78
Other	444,793.23	248,439.41			444,793.23	248,439.41
Support Services:						
Tuition	294,875.51	282,882.90			294,875.51	282,882.90
Student and Instruction Related Services	1,507,274.91	1,220,471.11			1,507,274.91	1,220,471.11
School Administrative Services	507,355.71	580,346.92			507,355.71	580,346.92
General and Business Administrative Services	449,241.11	387,925.73			449,241.11	387,925.73
Plant Operations and Maintenance	810,556.98	778,973.77			810,556.98	778,973.77
Pupil Transportation	171,899.40	162,539.56			171,899.40	162,539.56
Debt Service Assessment	1,644.00	2,828.00			1,644.00	2,828.00
Business-Type Activities:						
Food Services	-	-	170,036.83	164,744.50	170,036.83	164,744.50
Total Expenses	<u>8,451,766.87</u>	<u>8,075,818.26</u>	<u>170,036.83</u>	<u>164,744.50</u>	<u>8,621,803.70</u>	<u>8,240,562.76</u>
Increase (Decrease) in Net Assets	<u>\$ 281,738.39</u>	<u>\$ 316,770.91</u>	<u>\$ 8,246.39</u>	<u>\$ 7,601.01</u>	<u>\$ 289,984.78</u>	<u>\$ 324,371.92</u>

THE DISTRICT'S FUNDS

Governmental Activities

Table 3

Information below compares revenues and expenditures for all governmental fund types for 2011-2012 and 2010-2011.

<u>Revenues by Source:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
Local Tax Levy	\$ 6,989,235.00	\$ 6,766,947.00	3.28%
Tuition Charges	123,532.30	57,808.32	113.69%
Interest Earned to Investments	384.95	1,225.97	-68.60%
Miscellaneous	29,087.13	37,132.52	-21.67%
Total - Local Sources	7,142,239.38	6,863,113.81	4.07%
State Sources	1,276,616.18	1,154,530.90	10.57%
Federal Sources	314,649.70	374,944.46	-16.08%
Total Revenues	<u>\$ 8,733,505.26</u>	<u>\$ 8,392,589.17</u>	4.06%

<u>Expenditures by Function:</u>	<u>2011-2012</u>	<u>2010-2011</u>	<u>% Change</u>
Current:			
Regular Instruction	\$ 2,373,047.89	\$ 2,555,444.36	-7.14%
Special Education	724,277.41	758,941.34	-4.57%
Other Instruction	348,329.91	179,711.86	93.83%
Support Services and Undistributed Costs:			
Tuition	294,875.51	282,882.90	4.24%
Student and Instruction Related Services	1,281,407.32	997,571.25	28.45%
School Administrative Services	429,787.79	451,302.66	-4.77%
General and Business Administrative Services	312,465.44	270,386.15	15.56%
Plant Operations and Maintenance	683,678.91	672,950.52	1.59%
Pupil Transportation	148,581.50	139,937.47	6.18%
Employee Benefits	1,811,013.42	1,697,221.18	6.70%
Capital Outlay	196,775.02	127,507.78	54.32%
Debt Service Assessment	1,644.00	2,828.00	100.00%
Total Expenditures	<u>\$ 8,605,884.12</u>	<u>\$ 8,136,685.47</u>	5.77%

Business-Type Activities

District's major Enterprise Funds consist of the Food Service. The basic financial statements for the major funds are included in this report. Because the focus on business-type funds is a cost of service measurement or capital maintenance, we have included these funds in Table 4, which demonstrates return on ending assets and return on ending net assets.

Table 4

	<u>Food Service</u>
Total Assets	\$ 80,594.90
Net Assets	74,512.92
Change in Net Assets	8,246.39
Return on Ending Total Assets	10.23%
Return on Ending Net Assets	11.07%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets Table 5

Capital Assets at Year-end (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 177,000.00	\$ 177,000.00	\$ -	\$ -	\$ 177,000.00	\$ 177,000.00
Land Improvements	291,491.00	291,491.00			291,491.00	291,491.00
Buildings	2,032,863.22	1,927,533.72			2,032,863.22	1,927,533.72
Machinery and Equipment	1,259,297.76	1,167,852.24	130,050.75	130,050.75	1,389,348.51	1,297,902.99
Subtotal	3,760,651.98	3,563,876.96	130,050.75	130,050.75	3,890,702.73	3,693,927.71
Accumulated Depreciation	<u>(2,877,250.89)</u>	<u>(2,782,210.70)</u>	<u>(107,095.67)</u>	<u>(105,000.98)</u>	<u>(2,984,346.56)</u>	<u>(2,887,211.68)</u>
Totals	<u>\$ 883,401.09</u>	<u>\$ 781,666.26</u>	<u>\$ 22,955.08</u>	<u>\$ 25,049.77</u>	<u>\$ 906,356.17</u>	<u>\$ 806,716.03</u>

The District's 2012-2013 has \$177,963 budgeted for capital projects. More detailed information about the District capital assets is presented in Note II:C. to the basic financial statements.

DEBT

At year – end the District had total debt of \$ 333,260.06 outstanding versus \$ 305,632.48 last year – a increase of 9.04 percent – as shown in Table 6.

Outstanding Debt, at year –end Table 6

	Governmental Activities	
	<u>2011-2012</u>	<u>2010-2011</u>
Capital Leases	\$ 69,785.79	\$ 27,934.00
Compensated Absences	<u>263,474.27</u>	<u>277,698.48</u>
	<u>\$ 333,260.06</u>	<u>\$ 305,632.48</u>

An analysis of District Debt is presented in Note III:B. to the basic financial statements.

BUDGETS

The significant variances between the originally adopted budget for the 2011-2012 school year and the final budget were caused by the treatment of encumbrances that are added to the original budget and transfers between line items made throughout the year. See Exhibit C-1 for an analysis of these changes.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Joseph Hurley, School Business Administrator, Rockaway Borough School District, 103 East Main Street, Rockaway, New Jersey 07866. Phone Number (973) 625-8600.

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

BASIC FINANCIAL STATEMENTS

SECTION A
DISTRICT – WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Statement of Net Assets
June 30, 2012**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 476,077.57	\$20,984.80	\$ 497,062.37
Receivables, Net	194,916.74	11,118.76	206,035.50
Interfund Receivable	-	23,266.88	23,266.88
Inventory		2,269.38	2,269.38
Restricted Assets:			
Capital Reserve Account - Cash	398,487.26		398,487.26
Capital Assets, Net	<u>883,401.09</u>	<u>22,955.08</u>	<u>906,356.17</u>
Total Assets	<u>1,952,882.66</u>	<u>80,594.90</u>	<u>2,033,477.56</u>
LIABILITIES			
Accounts Payable	52,645.84	6,081.98	58,727.82
Payable to State Government	82,700.32		82,700.32
Deferred Revenue	13,787.70		13,787.70
Noncurrent Liabilities :			
Due Within One Year	22,251.99		22,251.99
Due Beyond One Year	<u>311,008.07</u>	<u>-</u>	<u>311,008.07</u>
Total Liabilities	<u>482,393.92</u>	<u>6,081.98</u>	<u>488,475.90</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	813,615.30	22,955.08	836,570.38
Restricted For:			
Other Purposes	633,452.71		633,452.71
Unrestricted	<u>23,420.73</u>	<u>51,557.84</u>	<u>74,978.57</u>
Total Net Assets	<u>\$ 1,470,488.74</u>	<u>\$74,512.92</u>	<u>\$ 1,545,001.66</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Statement of Activities
For the Year Ended June 30, 2012**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets				
	Program Revenues		Governmental Activities	Business-Type Activities	Total
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction:					
Regular	\$ 3,209,517.92	\$ 123,532.30	\$ 416,896.01	\$ (2,669,089.61)	\$ (2,669,089.61)
Special Education	1,054,608.10		607,390.83	(447,217.27)	(447,217.27)
Other	444,793.23		63,910.94	(380,882.29)	(380,882.29)
Support Services:					
Tuition	294,875.51		88,091.00	(206,784.51)	(206,784.51)
Student and Instruction Related Services	1,507,274.91		214,716.20	(1,292,558.71)	(1,292,558.71)
School Administrative Services	507,355.71		32,149.86	(475,205.85)	(475,205.85)
General and Business Administrative Services	449,241.11		39,110.63	(410,130.48)	(410,130.48)
Plant Operations and Maintenance	810,556.98		44,353.09	(766,203.89)	(766,203.89)
Pupil Transportation	171,899.40		8,700.76	(163,198.64)	(163,198.64)
Debt Service Assessment	1,644.00	-	-	(1,644.00)	(1,644.00)
Total Governmental Activities	8,451,766.87	123,532.30	1,515,319.32	(6,812,915.25)	(6,812,915.25)
Business-Type Activities:					
Food Service	170,036.83	109,199.70	69,048.43	8,211.30	8,211.30
Total Business-Type Activities	170,036.83	109,199.70	69,048.43	8,211.30	8,211.30
Total Primary Government	\$ 8,621,803.70	\$ 232,732.00	\$ 1,584,367.75	\$ (6,812,915.25)	\$ (6,804,703.95)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes				\$ 6,989,235.00	\$ 6,989,235.00
Federal and State Aid Not Restricted				75,946.56	75,946.56
Investment Earnings				384.95	420.04
Miscellaneous Income				29,087.13	29,087.13
Total General Revenues, Special Items, Extraordinary				7,094,653.64	7,094,688.73
Change in Net Assets				281,738.39	289,984.78
Net Assets—Beginning				1,188,750.35	1,255,016.88
Net Assets—Ending				\$ 1,470,488.74	\$ 1,545,001.66

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

SECTION B
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Balance Sheet
Governmental Funds
June 30, 2012**

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 440,861.46	\$ 35,216.11	\$ 476,077.57
Receivables from Other Governments	122,896.39	78,463.00	201,359.39
Tuition Receivable	11,495.80		11,495.80
Restricted Cash and Cash Equivalents	<u>398,487.26</u>	<u>-</u>	<u>398,487.26</u>
Total Assets	<u>973,740.91</u>	<u>\$ 113,679.11</u>	<u>\$ 1,087,420.02</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 35,454.75	\$ 17,191.09	\$ 52,645.84
Interfunds Payable	17,938.45	-	17,938.45
Payable to State Government		82,700.32	82,700.32
Deferred Revenue	<u>-</u>	<u>13,787.70</u>	<u>13,787.70</u>
Total Liabilities	<u>53,393.20</u>	<u>113,679.11</u>	<u>167,072.31</u>
Fund Balances:			
Assigned for:			
Encumbrances	14,029.99		14,029.99
Designated for Subsequent Year's Expenditures	81,923.16		81,923.16
Restricted for:			
Capital Reserve Account	398,487.26		398,487.26
Excess Surplus	119,877.46		119,877.46
Excess Surplus – Designated for Subsequent Year's Expenditures	19,134.84		19,134.84
Unassigned, Reported In:			
General Fund	<u>286,895.00</u>	<u>-</u>	<u>286,895.00</u>
Total Fund Balances	<u>920,347.71</u>	<u>-</u>	<u>920,347.71</u>
Total Liabilities and Fund Balances	<u>\$ 973,740.91</u>	<u>\$ 113,679.11</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,760,651.98 and the accumulated depreciation is \$2,877,250.89.

883,401.09

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(333,260.06)

Net assets of governmental activities

\$ 1,470,488.74

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources:			
Local Tax Levy	\$ 6,989,235.00	\$ -	\$ 6,989,235.00
Tuition Charges	123,532.30		123,532.30
Interest Earned on Investments	165.27		165.27
Interest Earned on Capital Reserve Funds	219.68		219.68
Miscellaneous	<u>8,556.88</u>	<u>20,530.25</u>	<u>29,087.13</u>
Total - Local Sources	7,121,709.13	20,530.25	7,142,239.38
State Sources	1,086,858.91	189,757.27	1,276,616.18
Federal Sources	<u>21,354.00</u>	<u>293,295.70</u>	<u>314,649.70</u>
Total Revenues	<u>8,229,922.04</u>	<u>503,583.22</u>	<u>8,733,505.26</u>
EXPENDITURES			
Current:			
Regular Instruction	2,211,637.62	161,410.27	2,373,047.89
Special Education Instruction	527,550.71	196,726.70	724,277.41
Other Instruction	327,799.66	20,530.25	348,329.91
Support Services and Undistributed Costs:			
Tuition	294,875.51		294,875.51
Student and Instruction Related Services	1,160,491.32	120,916.00	1,281,407.32
School Administrative Services	429,787.79		429,787.79
General and Business Administrative Services	312,465.44		312,465.44
Plant Operations and Maintenance	683,678.91		683,678.91
Pupil Transportation	148,581.50		148,581.50
Unallocated Benefits	1,807,013.42	4,000.00	1,811,013.42
Capital Outlay	196,775.02		196,775.02
Capital Outlay - Debt Service Assessment	<u>1,644.00</u>	<u>-</u>	<u>1,644.00</u>
Total Expenditures	<u>8,102,300.90</u>	<u>503,583.22</u>	<u>8,605,884.12</u>
Excess (Deficiency) of Revenues over Expenditures	<u>127,621.14</u>	<u>-</u>	<u>127,621.14</u>
OTHER FINANCING SOURCES AND (USES)			
Capital Leases (Non-Budgeted)	<u>80,010.00</u>		<u>80,010.00</u>
Total Other Financing Sources and (Uses)	<u>80,010.00</u>	<u>-</u>	<u>80,010.00</u>
Net Change in Fund Balances	207,631.14	-	207,631.14
Fund Balance—July 1	<u>712,716.57</u>	<u>-</u>	<u>712,716.57</u>
Fund Balance—June 30	<u>\$ 920,347.71</u>	<u>\$ -</u>	<u>\$ 920,347.71</u>

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012**

Total net change in fund balances - governmental funds (from B-2) **\$ 207,631.14**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation Expense	\$ (95,040.19)	
	Capital Outlays	<u>196,775.02</u>	101,734.83

A prior year adjustment was made to fixed assets. Thus, the change in net assets will differ from the change in fund balance by the amount of the adjustment.

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 38,158.21

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Capital Lease Proceeds (80,010.00)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+). 14,224.21

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)

Change in net assets of governmental activities **\$ 281,738.39**

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

PROPRIETARY FUNDS

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Statement of Net Assets
Proprietary Funds
June 30, 2012**

	Business-type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 20,984.80	\$ 20,984.80
Accounts Receivable	11,118.76	11,118.76
Other Receivables	23,266.88	23,266.88
Inventories	<u>2,269.38</u>	<u>2,269.38</u>
Total Current Assets	<u>57,639.82</u>	<u>57,639.82</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	130,050.75	130,050.75
Less Accumulated Depreciation	<u>(107,095.67)</u>	<u>(107,095.67)</u>
Total Noncurrent Assets	<u>22,955.08</u>	<u>22,955.08</u>
Total Assets	<u>80,594.90</u>	<u>80,594.90</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>6,081.98</u>	<u>6,081.98</u>
Total Liabilities	<u>6,081.98</u>	<u>6,081.98</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	22,955.08	22,955.08
Unrestricted	<u>51,557.84</u>	<u>51,557.84</u>
Total Net Assets	<u>\$ 74,512.92</u>	<u>\$ 74,512.92</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds	
	Food Service	Totals
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 91,051.29	\$ 91,051.29
Daily Sales - Non-reimbursable Programs	17,382.66	17,382.66
Miscellaneous	765.75	765.75
Total Operating Revenues	<u>109,199.70</u>	<u>109,199.70</u>
Operating Expenses:		
Cost of Sales	68,249.15	68,249.15
Salaries	51,662.92	51,662.92
Employee Benefits	15,358.65	15,358.65
Purchased Property Service	10,177.00	10,177.00
Other Purchased Services	7,387.60	7,387.60
Miscellaneous	3,374.05	3,374.05
General Supplies	11,732.77	11,732.77
Depreciation	2,094.69	2,094.69
Total Operating Expenses	<u>170,036.83</u>	<u>170,036.83</u>
Operating Income (Loss)	<u>(60,837.13)</u>	<u>(60,837.13)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	2,310.90	2,310.90
Federal Sources:		
National School Lunch Program	52,384.37	52,384.37
School Breakfast Program	3,030.49	3,030.49
Special Milk Program	848.17	848.17
Food Distribution Program	10,474.50	10,474.50
Interest and Investment Revenue	35.09	35.09
Total Nonoperating Revenues (Expenses)	<u>69,083.52</u>	<u>69,083.52</u>
Income (Loss) Before Contributions and Transfers	<u>8,246.39</u>	<u>8,246.39</u>
Change in Net Assets	8,246.39	8,246.39
Total Net Assets—Beginning	<u>66,266.53</u>	<u>66,266.53</u>
Total Net Assets—Ending	<u>\$ 74,512.92</u>	<u>\$ 74,512.92</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012**

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Food Service</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 109,199.70	\$ 109,199.70
Payments to Employees	(51,662.92)	(51,662.92)
Payments for Employee Benefits	(15,358.65)	(15,358.65)
Payments to Suppliers	<u>(126,843.06)</u>	<u>(126,843.06)</u>
Net Cash (Used for) Operating Activities	<u>(84,664.93)</u>	<u>(84,664.93)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,958.54	1,958.54
Federal Sources	<u>58,515.96</u>	<u>58,515.96</u>
Net Cash Provided By Non-capital Financing Activities	<u>60,474.50</u>	<u>60,474.50</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	<u>35.09</u>	<u>35.09</u>
Net Cash Provided By Investing Activities	<u>35.09</u>	<u>35.09</u>
Net Increase in Cash and Cash Equivalents	(24,155.34)	(24,155.34)
Balances—Beginning of Year	<u>45,140.14</u>	<u>45,140.14</u>
Balances—End of Year	<u>\$ 20,984.80</u>	<u>\$ 20,984.80</u>
Reconciliation of Operating (Loss) to Net Cash		
(Used for) Operating Activities:		
Operating (Loss)	\$ (60,837.13)	\$ (60,837.13)
Adjustments to Reconcile Operating (Loss) to Net Cash		
(Used for) Operating Activities:		
Depreciation and Net Amortization	2,094.69	2,094.69
(Increase) Accounts Receivable, Net	(5,328.43)	(5,328.43)
Decrease in Inventories	332.19	332.19
(Decrease) in Accounts Payable	<u>(20,926.25)</u>	<u>(20,926.25)</u>
Total Adjustments	<u>(23,827.80)</u>	<u>(23,827.80)</u>
Net Cash (Used for) Operating Activities	<u>\$ (84,664.93)</u>	<u>\$ (84,664.93)</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FIDUCIARY FUNDS

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	Agency <u>Fund</u>
ASSETS			
Cash and Cash Equivalents	<u>\$ 43,011.59</u>	<u>\$ 4,494.21</u>	<u>\$ 81,206.12</u>
Total Assets	<u>\$ 43,011.59</u>	<u>\$ 4,494.21</u>	<u>\$ 81,206.12</u>
LIABILITIES			
Payable to Student Groups	\$ -	\$ -	\$ 51,474.45
Net Payroll & Wages			(150.04)
Payroll Deductions and Withholdings	<u>-</u>	<u>-</u>	29,881.71
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 81,206.12</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 43,011.59</u>		
Reserved for Scholarships		<u>\$ 4,494.21</u>	

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ -	\$ -
Other	<u>62,444.50</u>	<u>-</u>
Total Contributions	<u>62,444.50</u>	<u>-</u>
Investment Earnings:		
Interest	<u>3.70</u>	<u>33.68</u>
Total Additions	<u>62,448.20</u>	<u>33.68</u>
DEDUCTIONS		
Unemployment Claims	42,952.04	-
Scholarships Awarded	<u>-</u>	<u>-</u>
Total Deductions	<u>42,952.04</u>	<u>-</u>
Change in Net Assets	<u>19,496.16</u>	<u>33.68</u>
Net Assets—Beginning	<u>23,515.43</u>	<u>4,460.53</u>
Net Assets—Ending	<u>\$ 43,011.59</u>	<u>\$ 4,494.21</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Borough of Rockaway School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Reporting Entity

The Borough of Rockaway School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, certain legally separate; tax exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include two elementary schools located in Rockaway, NJ. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Basic Financial Statements- Government-Wide Statements (Continued)

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution and, excluding equipment, with County Superintendent approval.

Special Revenue Fund – The Special Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specially authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds – The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Proprietary Fund Type (Continued)

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expense of either fund category or the governmental and enterprise combined) for the determination of major funds.. The nonmajor funds are combined in a column in the fund financial statements.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Appropriation of prior year encumbrances in the amount of \$93,166.74 was made during the year ended June 30, 2012. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

1. Deposits and Investments (Continued)

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

2. Short – term Interfund Receivables/Payables

Short – term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

3. Inventories

Inventories, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

GASBS No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, parking lots, underground pipe, etc.. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The District has included all infrastructure assets in the current fiscal year.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

5. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note IX)

6. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note I(F) regarding the special revenue fund.

7. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

H. Fund Balance Reserves

The District elected to implement GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable-includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted- includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed- includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned- includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.

Unassigned- includes amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

I. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

At June 30, 2012 the Borough of Rockaway School District's cash and cash equivalent's amounted to \$1,461,757.94. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$1,067,769.94 was covered by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2012 the Borough of Rockaway School District's participation in the State of New Jersey Cash Management Fund amounted to \$143,988.00.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Borough of Rockaway School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2012, \$143,988.00 of the Borough of Rockaway School District's cash and cash equivalents of \$1,461,757.94 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Public Depository or by its' Trust Department not in the Borough of Rockaway School District's Name	<u>\$ 143,988.00</u>
--------------------------------------------------------------------------------------------------------------------------------------------	----------------------

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:5-15.1) permit the Borough of Rockaway School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Rockaway School District had no investments as described above at June 30, 2012.

B. Interfund Receivables and Payables

As of June 30, 2012, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$	\$ 17,938.45
Enterprise Fund	<u>17,938.45</u>	
	<u>\$ 17,938.45</u>	<u>\$ 17,938.45</u>

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note II: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustment</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 177,000.00	\$ -	\$ -	\$ 177,000.00
Total Capital Assets Not Being Depreciated	<u>177,000.00</u>			<u>177,000.00</u>
Land Improvements	291,491.00			291,491.00
Buildings and Improvements	1,927,533.72	105,329.50		2,032,863.22
Machinery and Equipment	<u>1,167,852.24</u>	<u>91,445.52</u>	-	<u>1,259,297.76</u>
Totals at Historical Cost	<u>3,386,876.96</u>	<u>196,775.02</u>	-	<u>3,583,651.98</u>
Less Accumulated Depreciation for:				
Land Improvements	(282,219.70)	(299.90)		(282,519.60)
Buildings and Improvements	(1,366,435.23)	(13,218.37)		(1,379,653.60)
Machinery and Equipment	<u>(1,133,555.77)</u>	<u>(81,521.92)</u>		<u>(1,215,077.69)</u>
Total Accumulated Depreciation	<u>(2,782,210.70)</u>	<u>(95,040.19)</u>	(1) -	<u>(2,877,250.89)</u>
Net Capital Assets Being Depreciated	<u>604,666.26</u>	<u>101,734.83</u>	-	<u>706,401.09</u>
Governmental Activities Capital Assets, Net	<u>\$ 781,666.26</u>	<u>\$ 101,734.83</u>	\$ -	<u>\$ 883,401.09</u>
Business - Type Activities:				
Equipment	\$ 130,050.75	\$ -	\$ -	\$ 130,050.75
Less Accumulated Depreciation	<u>(105,000.98)</u>	<u>(2,094.69)</u>	-	<u>(107,095.67)</u>
Business - Type Activities Capital Assets, Net	<u>\$ 25,049.77</u>	<u>\$ (2,094.69)</u>	\$ -	<u>\$ 22,955.08</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 73,541.24
School Administrative Services	781.84
General and Business Administrative Services	13,554.45
Plant Operations and Maintenance	1,296.24
Pupil Transportation	<u>5,866.42</u>
	<u>\$ 95,040.19</u>

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note III: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments to lease copying and postage equipment under operating leases which expire in 2016. Total operating lease payments made during the year ended June 30, 2012 were \$31,685.54. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2013	\$ 28,113.24
June 30, 2014	28,113.24
June 30, 2015	28,113.24
June 30, 2016	<u>23,427.70</u>
Total Future Minimum Lease Payments	<u>\$ 107,767.42</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences	\$ 277,698.48	\$ 68,977.64	\$ (83,201.85)	\$ 263,474.27	\$ -
Capital Leases	<u>27,934.00</u>	<u>80,010.00</u>	<u>(38,158.21)</u>	<u>69,785.79</u>	<u>22,251.99</u>
Total Other Liabilities	<u>305,632.48</u>	<u>148,987.64</u>	<u>(121,360.06) (1)</u>	<u>333,260.06</u>	<u>22,251.99</u>
Governmental Activities					
Long - Term Liabilities	<u>\$ 305,632.48</u>	<u>\$ 148,987.64</u>	<u>\$ (121,360.06)</u>	<u>\$ 333,260.06</u>	<u>\$ 22,251.99</u>

(1) Paid by General Fund

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note III: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Authorized But Not Issued

As of June 30, 2012 the Board had no authorized but not issued bonds.

2. Capital Leases Payable

The District is leasing a school bus and playground equipment totaling \$102,158.00 under a capital lease. All capital leases are for terms of five to seven years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012.

<u>Year</u>	<u>Amount</u>
2013	\$38,655.41
2014	13,095.50
2015	10,615.50
2016	<u>10,615.50</u>
Total Minimum Lease Payments	\$72,981.91
Less: Amount Representing Interest	<u>3,196.12</u>
Present Value of Net Minimum Lease Payments	<u>\$69,785.79</u>

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note IV: Detailed Disclosure Regarding Fund Equity

A. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C.73 (S1701), the designation for Reserved Fund Balance—Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$139,012.30. \$19,134.84 has been appropriated in fiscal year 2012-2013 and \$119,877.46 will be appropriated in the fiscal year 2013-2014.

B. Capital Reserve Account

A capital reserve account was established by the Borough of Rockaway Board of Education by inclusion of \$100.00 on October 20, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13 (g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2008 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2008	\$ 51,166.81
Interest earnings	2,320.45
2008-2009 Resolution (Unreserved Fund Balance)	50,000.00
2010-2011 Withdrawal (Budget Appropriation)	(90,000.00)
2010-2011 Resolution (Unreserved Fund Balance)	175,000.00
2011-2012 Resolution (Unreserved Fund Balance)	<u>210,000.00</u>
Ending Balance June 30, 2012	<u>\$398,487.26</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects is \$1,779,600.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note V: Pension Plans

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost sharing plan with special funding situations as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The PERS is considered a cost sharing multiple-employer defined benefit plan.

The Public Employees' Retirement System (PERS) was established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The Teachers' Pension and Annuity Fund (TPAF) was established in January 1955, under the provisions of N.J.S.A. 18:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post – retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

The Defined Contribution Retirement Program (DCRP) was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note V: Pension Plans (Continued)

Description of Systems (Continued)

Retirement Benefits

For PERS and TPAF employees who retire at a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 implements changes to the PERS and TPAF. New members of TPAF and PERS hired on or after June 28, 2011 are considered to have Tier 5 membership.

The service retirement age for PERS and TPAF Tier 5 members is increased from age 62 to age 65. These members will need to have at least 30 years of service credit and be age 65 for receipt of early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65

PERS and TPAF employee contribution rates will increase from 5.5% to 6.5% of salary effective October 2011. The second phase of the contribution rate increase from 6.5% to 7.5% is to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

Under a provision of Chapter 78, P.L. 2011, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. There is no reduction to any COLA increases that were already added to retiree benefits prior to the effective date of the law.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 6.50 percent for TPAF and PERS and 5.5% for DCRP of employees' annual compensation, as defined. The pension funds provide for employee contributions based on 5.50 percent for TPAF and PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012, for TPAF, annual pension cost differs from the annual required contribution. For PERS, the annual pension cost equals the annual required contribution made. In the DCRP, member contributions are matched by a 3% employer contribution.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note V: Pension Plans (Continued)

Contributions – Actual

The District's total payroll for the year ended June 30, 2012 was \$4,554,839.06 and covered payroll was \$3,025,416.00 for TPAF and \$852,598.00 for PERS. Contributions to the TPAF and the PERS for the last three years ended June 30 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		<u>TPAF</u>	Percent of Covered <u>Payroll</u>	<u>PERS</u>	Percent of Covered <u>Payroll</u>
Employees	6/30/10	209,608.21	5.54%	52,875.57	5.58%
	6/30/11	176,431.72	5.53%	46,851.09	5.52%
	6/30/12	202,708.40	6.70%	55,315.05	6.49%
Board of Education	6/30/10			75,222.00	7.94%
	6/30/11			106,601.00	12.56%
	6/30/12			111,262.00	13.04%
State of New Jersey	6/30/10	251,058.00	6.64%		
	6/30/11	260,369.00	8.16%		
	6/30/12	354,411.00	11.71%		

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$227,797.91 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

Note VI: Post-Retirement Medical Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011 there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note VII: Risk Management

The Borough of Rockaway School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 53,690.43	\$ 8,754.07	\$ 42,952.04	\$43,011.59
2010-2011	113,811.62	7,621.87	111,683.87	\$23,515.43
2009-2010	16,286.56	8,669.51	35,323.06	\$13,749.39

Note VIII: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), “Accounting for Compensated Absences”. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted vacation and sick leave in varying amounts under the District’s personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Food Service Fund.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012
(CONTINUED)

Note IX: Contingent Liabilities

The Borough of Rockaway School District is a defendant in a few lawsuits, none of which is unusual for a Board of Education of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

Note X Subsequent Events

The Borough of Rockaway School District's management has informed us that there are no significant events that need to be disclosed after the balance sheet date through the date of audit.

**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

SECTION C
BUDGETARY COMPARISON SCHEDULES

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012
(Concluded)**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 6,989,235.00	\$ -	\$ 6,989,235.00	\$ 6,989,235.00	\$ -
Tuition	31,572.00	-	31,572.00	123,532.30	91,960.30
Interest Earned on Investments	-	-	-	165.27	165.27
Interest Earned on Capital Reserve Funds	-	-	-	219.68	219.68
Miscellaneous	5,097.00	-	5,097.00	8,556.88	3,459.88
Total - Local Sources	<u>7,025,904.00</u>	<u>-</u>	<u>7,025,904.00</u>	<u>7,121,709.13</u>	<u>95,805.13</u>
State Sources:					
Categorical Special Education Aid	334,657.00	24,590.00	359,247.00	359,247.00	-
Equalization Aid	-	48,045.00	48,045.00	48,045.00	-
Extraordinary Aid	20,000.00	-	20,000.00	88,091.00	68,091.00
Non-Public Transportation Aid	-	-	-	1,740.00	1,740.00
Anti-Bullying Bill of Rights Act	-	-	-	14,548.00	14,548.00
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	354,411.00	354,411.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	227,797.91	227,797.91
Total State Sources	<u>354,657.00</u>	<u>72,635.00</u>	<u>427,292.00</u>	<u>1,093,879.91</u>	<u>666,587.91</u>
Federal Sources:					
Education Jobs Fund	20,705.00	649.00	21,354.00	21,354.00	-
Total - Federal Sources	<u>20,705.00</u>	<u>649.00</u>	<u>21,354.00</u>	<u>21,354.00</u>	<u>-</u>
Total Revenues	<u>\$ 7,401,266.00</u>	<u>\$ 73,284.00</u>	<u>\$ 7,474,550.00</u>	<u>\$ 8,236,943.04</u>	<u>\$ 762,393.04</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Preschool - Salaries of Teachers	105-100-101 \$ 52,326.00	\$ (1,370.00)	\$ 50,956.00	\$ 50,656.52	\$ 299.48
Kindergarten - Salaries of Teachers	110-100-101 82,919.00	\$ (25,025.06)	57,893.94	57,893.94	-
Grades 1-5 - Salaries of Teachers	120-100-101 955,792.00	43,012.29	998,804.29	998,010.80	793.49
Grades 6-8 - Salaries of Teachers	130-100-101 813,702.00	(63,003.86)	750,698.14	750,026.28	671.86
Regular Programs - Home Instruction:					
Salaries of Teachers	150-100-101 4,400.00	14,381.57	18,781.57	18,781.57	-
Regular Programs - Undistributed Instruction					
Purchased Technical Services	190-100-340 18,800.00	(3,147.63)	15,652.37	15,627.50	24.87
Other Purchased Services (400-500 series)	190-100-500 53,469.00	(11,572.09)	41,896.91	28,067.95	13,828.96
General Supplies	190-100-610 118,219.00	159,174.39	277,393.39	271,867.88	5,525.51
Textbooks	190-100-640 67,906.00	(49,638.02)	18,267.98	18,267.98	-
Other Objects	190-100-890 2,855.00	(417.80)	2,437.20	2,437.20	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>2,170,388.00</u>	<u>62,393.79</u>	<u>2,232,781.79</u>	<u>2,211,637.62</u>	<u>21,144.17</u>
SPECIAL EDUCATION - INSTRUCTION					
Multiple Disabilities:					
Salaries of Teachers	212-100-101	45,502.50	45,502.50	44,550.00	952.50
General Supplies	212-100-610	141.18	141.18	141.18	-
Total Multiple Disabilities	<u>-</u>	<u>45,643.68</u>	<u>45,643.68</u>	<u>44,691.18</u>	<u>952.50</u>
Resource Room/Resource Center:					
Salaries of Teachers	213-100-101 461,691.00	(20,151.49)	441,539.51	437,864.11	3,675.40
Other Salaries for Instruction	213-100-106 12,394.00	-	12,394.00	-	12,394.00
General Supplies	213-100-610 7,695.00	(1,218.94)	6,476.06	6,476.06	-
Textbooks	213-100-640 900.00	-	900.00	-	900.00
Total Resource Room/Resource Center	<u>482,680.00</u>	<u>(21,370.43)</u>	<u>461,309.57</u>	<u>444,340.17</u>	<u>16,969.40</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	215-100-101 41,894.00	1,358.02	43,252.02	38,519.36	4,732.66
General Supplies	215-100-610 929.00	-	929.00	-	929.00
Total Preschool Disabilities - Part-Time	<u>42,823.00</u>	<u>1,358.02</u>	<u>44,181.02</u>	<u>38,519.36</u>	<u>5,661.66</u>
Home Instruction:					
Salaries of Teachers	219-100-101 7,730.00	(7,730.00)	-	-	-
Purchased Professional-Educational Services	219-100-320 -	-	-	-	-
Total Home Instruction	<u>7,730.00</u>	<u>(7,730.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>533,233.00</u>	<u>17,901.27</u>	<u>551,134.27</u>	<u>527,550.71</u>	<u>23,583.56</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	230-100-101 149,593.00	50,132.96	199,725.96	199,725.96	-
General Supplies	230-100-610 2,000.00	(1,650.32)	349.68	349.68	-
Total Basic Skills/Remedial - Instruction	<u>151,593.00</u>	<u>48,482.64</u>	<u>200,075.64</u>	<u>200,075.64</u>	<u>-</u>

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012
(Concluded)**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to <u>Actual</u>
Bilingual Education - Instruction					
Salaries of Teachers	240-100-101 \$ 58,485.00	\$ -	\$ 58,485.00	\$ 58,485.00	\$ -
General Supplies	240-100-610 1,218.00	971.76	2,189.76	2,189.76	-
Total Bilingual Education - Instruction	<u>59,703.00</u>	<u>971.76</u>	<u>60,674.76</u>	<u>60,674.76</u>	<u>-</u>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	401-100-100 12,923.00	2,035.02	14,958.02	14,958.02	-
Supplies and Materials	401-100-600 790.00	(588.01)	201.99	201.99	-
Total School-Spon. Cocurricular Actvts. - Inst.	<u>13,713.00</u>	<u>1,447.01</u>	<u>15,160.01</u>	<u>15,160.01</u>	<u>-</u>
Other Instructional Programs - Instruction					
Salaries	402-100-100 16,222.00	-	16,222.00	13,392.83	2,829.17
Purchased Services (300-500 series)	402-100-500 3,500.00	-	3,500.00	3,500.00	-
Supplies and Materials	402-100-600 3,200.00	(1,447.01)	1,752.99	1,752.35	0.64
Other Objects	402-100-800 3,700.00	-	3,700.00	1,373.95	2,326.05
Total Other Instructional Programs - Instruction	<u>26,622.00</u>	<u>(1,447.01)</u>	<u>25,174.99</u>	<u>20,019.13</u>	<u>5,155.86</u>
Other Supplemental/At-Risk Programs - Instruction					
Salaries	424-100-179 49,950.00	-	49,950.00	31,870.12	18,079.88
Supplies and Materials	424-100-610 2,000.00	(228.74)	1,771.26	-	1,771.26
Total Other Supplemental/At-Risk Programs	<u>51,950.00</u>	<u>(228.74)</u>	<u>51,721.26</u>	<u>31,870.12</u>	<u>19,851.14</u>
Total Instruction	<u>3,007,202.00</u>	<u>129,520.72</u>	<u>3,136,722.72</u>	<u>3,066,987.99</u>	<u>69,734.73</u>
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	000-100-561 15,000.00	(15,000.00)	-	-	-
Tuition to Other LEAs Within the State - Special	000-100-562 229,516.00	(2,978.41)	226,537.59	226,537.59	-
Tuition to Private Schools for the Disabled - Within State	000-100-566 7,657.00	60,680.92	68,337.92	68,337.92	-
Total Undistributed Expenditures - Instruction:	<u>252,173.00</u>	<u>42,702.51</u>	<u>294,875.51</u>	<u>294,875.51</u>	<u>-</u>
Undist. Expend. - Health Services					
Salaries	000-213-100 87,546.00	1,894.60	89,440.60	89,440.60	-
Purchased Professional and Technical Services	000-213-300 8,100.00	(1,456.40)	6,643.60	5,643.60	1,000.00
Other Purchased Services (400-500 series)	000-213-500 1,700.00	(200.05)	1,499.95	1,499.95	-
Supplies and Materials	000-213-600 3,272.00	(188.47)	3,083.53	3,083.53	-
Other Objects	000-213-800 -	2,722.00	2,722.00	-	-
Total Undistributed Expenditures - Health Services	<u>100,618.00</u>	<u>2,771.68</u>	<u>103,389.68</u>	<u>102,389.68</u>	<u>1,000.00</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.					
Salaries of Other Professional Staff	000-216-100 129,669.00	-	129,669.00	124,809.33	4,859.67
Purchased Professional - Educational Services	000-216-320 78,515.00	(3,341.22)	75,173.78	63,132.00	12,041.78
Supplies and Materials	000-216-600 1,580.00	3,341.22	4,921.22	4,921.22	-
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.	<u>209,764.00</u>	<u>(0.00)</u>	<u>209,764.00</u>	<u>192,862.55</u>	<u>16,901.45</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.					
Salaries of Other Professional Staff	000-217-100 222,901.00	(21,039.53)	201,861.47	197,133.43	4,728.04
Purchased Professional - Educational Services	000-217-320 186,507.00	-	186,507.00	155,257.35	31,249.65
Supplies and Materials	000-217-600 1,080.00	-	1,080.00	-	1,080.00
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.	<u>410,488.00</u>	<u>(21,039.53)</u>	<u>389,448.47</u>	<u>352,390.78</u>	<u>37,057.69</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.					
Salaries of Other Professional Staff	000-218-104 49,950.00	1,876.25	51,826.25	51,826.25	-
Other Purchased Prof. and Tech. Services	000-218-390 -	2,615.52	2,615.52	2,615.52	-
Supplies and Materials	000-218-600 1,000.00	2,011.51	3,011.51	2,329.11	682.40
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	<u>50,950.00</u>	<u>6,503.28</u>	<u>57,453.28</u>	<u>56,770.88</u>	<u>682.40</u>
Undist. Expend. - Other Supp. Serv. Students-Special					
Salaries of Secretarial and Clerical Assistants	000-219-105 27,205.00	-	27,205.00	27,204.96	0.04
Purchased Professional - Educational Services	000-219-320 166,036.00	(2,000.00)	164,036.00	164,036.00	-
Supplies and Materials	000-219-600 1,200.00	7,073.15	8,273.15	8,237.43	35.72
Other Objects	000-219-800 1,825.00	181.64	2,006.64	2,006.64	-
Total Undist. Expend. - Other Supp. Serv. Students-Spl.	<u>196,266.00</u>	<u>5,254.79</u>	<u>201,520.79</u>	<u>201,485.03</u>	<u>35.76</u>
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	000-221-102 48,446.00	4,173.84	52,619.84	52,619.84	-
Salaries of Secr and Clerical Assist.	000-221-105 20,678.00	(39.00)	20,639.00	20,639.00	-
Total Undist. Expend. - Improvement of Inst. Serv.	<u>69,124.00</u>	<u>4,134.84</u>	<u>73,258.84</u>	<u>73,258.84</u>	<u>-</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	000-222-100 84,532.00	11,014.30	95,546.30	95,496.56	49.74
Purchase Professional Services	000-222-320 46,014.00	-	46,014.00	46,014.00	-
Other Purchased Services (400-500 series)	000-222-500 11,900.00	(3,729.30)	8,170.70	8,170.70	-
Supplies and Materials	000-222-600 5,780.00	563.91	6,343.91	6,343.91	-
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>148,226.00</u>	<u>7,848.91</u>	<u>156,074.91</u>	<u>156,025.17</u>	<u>49.74</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Service	000-223-320 16,000.00	9,650.00	25,650.00	10,550.00	15,100.00
Other Purchased Services (400-500 series)	000-223-500 17,830.00	-	17,830.00	14,758.39	3,071.61
Total Undist. Expend. - Instructional Staff Training Serv.	<u>33,830.00</u>	<u>9,650.00</u>	<u>43,480.00</u>	<u>25,308.39</u>	<u>18,171.61</u>

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012
(Concluded)**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	000-230-100 \$ 131,065.00	\$ 258.64	\$ 131,323.64	\$ 131,323.52	\$ 0.12
Legal Services	000-230-331 10,000.00	(3,062.57)	6,937.43	6,719.80	217.63
Audit Fees	000-230-332 17,250.00	(750.00)	16,500.00	16,500.00	-
Architectural/Engineering Services	000-230-334 10,000.00	17,078.09	27,078.09	26,394.38	683.71
Other Purchased Professional Services	000-230-339 15,000.00	5,976.90	20,976.90	20,913.31	63.59
Purchased Technical Services	000-230-340 1,600.00	-	1,600.00	1,170.00	430.00
Communications/Telephone	000-230-530 24,036.00	(6,202.90)	17,833.10	14,899.95	2,933.15
BOE Other Purchased Services	000-230-585 1,200.00	(249.00)	951.00	361.25	589.75
Other Purchased Services (400-500 series)	000-230-590 80,140.00	(692.65)	79,447.35	77,906.69	1,540.66
Supplies and Materials	000-230-610 2,350.00	3,607.41	5,957.41	5,900.82	56.59
BOE In-House Training/Meeting Supplies	000-230-630 400.00	72.95	472.95	472.95	-
Miscellaneous Expenditures	000-230-890 6,385.00	(261.13)	6,123.87	5,374.22	749.65
BOE Membership Dues and Fees	000-230-895 5,600.00	-	5,600.00	4,528.55	1,071.45
Total Undist. Expend. - Supp. Serv. - General Admin.	305,026.00	15,775.74	320,801.74	312,465.44	8,336.30
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	000-240-103 174,544.00	-	174,544.00	174,543.60	0.40
Salaries of Secretarial and Clerical Assistants	000-240-105 62,033.00	-	62,033.00	61,449.44	583.56
Other Purchased Services (400-500 series)	000-240-500 7,553.00	(1,247.31)	6,305.69	3,526.63	2,779.06
Supplies and Materials	000-240-600 6,250.00	7,400.50	13,650.50	8,275.34	5,375.16
Other Objects	000-240-800 10,890.00	(528.19)	10,361.81	4,220.29	6,141.52
Total Undist. Expend. - Support Serv. - School Admin.	261,270.00	5,625.00	266,895.00	252,015.30	14,879.70
Undist. Expend.- Central Services					
Salaries	000-251-100 151,909.00	3,929.65	155,838.65	155,764.37	74.28
Purchased Technical Services	000-251-340 18,605.00	(1,547.25)	17,057.75	17,057.75	-
Miscellaneous Purchased Services (400-500 series)	000-251-592 2,363.00	(1,188.33)	1,174.67	1,122.39	52.28
Supplies and Materials	000-251-600 2,000.00	(258.75)	1,741.25	1,709.23	32.02
Other Objects	000-251-890 1,675.00	443.75	2,118.75	2,118.75	-
Total Undist. Expend. - Central Services	176,552.00	1,379.07	177,931.07	177,772.49	158.58
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	000-261-100 91,981.00	(659.70)	91,321.30	91,319.86	1.44
Cleaning, Repair and Maintenance Services	000-261-420 33,360.00	48,047.70	81,407.70	81,407.70	-
General Supplies	000-261-610 21,950.00	(3,189.68)	18,760.32	18,759.80	0.52
Other Objects	000-261-800 -	600.00	600.00	600.00	-
Total Undist. Expend. - Required Maint. for Sch. Facil.	147,291.00	44,798.32	192,089.32	192,087.36	1.96
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	000-262-100 167,235.00	74,267.23	241,502.23	241,502.23	-
Salaries of Non-Instructional Aides	000-262-107 57,717.00	(57,717.00)	-	-	-
Purchased Professional and Technical Services	000-262-300 9,882.00	2,167.80	12,049.80	12,049.80	-
Cleaning, Repair and Maintenance Services	000-262-420 21,200.00	16,789.80	37,989.80	37,989.80	-
Rental of Land & Bldg. Other Than Lease Purch. Agreement	000-262-441 15,120.00	(214.48)	14,905.52	14,880.00	25.52
Other Purchased Property Services	000-262-490 4,000.00	(1,306.16)	2,693.84	2,245.42	448.42
Insurance	000-262-520 27,690.00	(10,164.54)	17,525.46	17,525.00	0.46
General Supplies	000-262-610 16,850.00	13,253.90	30,103.90	27,253.90	2,850.00
Energy (Energy and Electricity)	000-262-620 243,816.00	(94,796.65)	149,019.35	112,636.99	36,382.36
Other Objects	000-262-800 420.00	-	420.00	164.00	256.00
Total Undist. Expend. - Other Oper. & Maint. Of Plant	563,930.00	(57,720.10)	506,209.90	466,247.14	39,962.76
Care and Upkeep of Grounds					
Salaries	000-263-100 14,212.00	-	14,212.00	14,101.62	110.38
Cleaning, Repair and Maintenance Services	000-263-420 2,000.00	4,874.00	6,874.00	6,874.00	-
General Supplies	000-263-610 1,100.00	3,268.79	4,368.79	4,368.79	-
Total Care and Upkeep of Grounds	17,312.00	8,142.79	25,454.79	25,344.41	110.38
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Between Home & School) - Regular	000-270-160 35,310.00	(4,833.08)	30,476.92	28,485.08	1,991.84
Salaries for Pupil Trans. (Between Home & School) - Special	000-270-161 31,889.00	-	31,889.00	20,480.24	11,408.76
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162 6,000.00	-	6,000.00	2,129.48	3,870.52
Management Fees - ESC & CTSA Transportation Programs	000-270-350 2,500.00	-	2,500.00	368.20	2,131.80
Cleaning, Repair and Maintenance Services	000-270-420 4,000.00	5,153.29	9,153.29	9,153.29	-
Lease Purchase Payments - School Buses	000-270-443 12,727.00	-	12,727.00	12,727.00	-
Contracted Services-Aid in Lieu of Payments-Non Public School	000-270-503 11,882.00	3,250.00	15,132.00	15,132.00	-
Contracted Services (Between Home and School) - Vendors	000-270-511 -	850.00	850.00	850.00	-
Contracted Services (Other than Between Home and School) - Vendo	000-270-512 3,000.00	-	3,000.00	1,434.92	1,565.08
Contracted Services (Between Home and School) - Joint Agreements	000-270-513 1,000.00	-	1,000.00	-	1,000.00
Contracted Services (Special Education Students) - Vendors	000-270-514 -	697.50	697.50	697.50	-
Contracted Services (Special Education Students) - ESCs	000-270-518 76,362.00	(22,065.53)	54,296.47	45,927.59	8,368.88
Miscellaneous Purchased Services - Transportation	000-270-593 4,600.00	247.00	4,847.00	4,847.00	-
Supplies and Materials	000-270-600 8,000.00	(323.17)	7,676.83	5,999.20	1,677.63
Miscellaneous Expenditures	000-270-800 500.00	-	500.00	350.00	150.00
Total Undist. Expend. - Student Transportation Serv.	197,770.00	(17,023.99)	180,746.01	148,581.50	32,164.51

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012
(Concluded)**

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
ALLOCATED BENEFITS						
Regular Programs	1XX-100-270	487,920.00	(105,925.02)	381,994.98	377,722.20	4,272.78
Special Programs	2XX-100-270	119,931.00	52,498.63	172,429.63	170,657.05	1,772.58
Other Instructional Programs	4XX-100-270	7,500.00	3,681.39	11,181.39	10,914.50	266.89
Health Services	000-213-270	14,057.00	2,000.00	16,057.00	13,770.04	2,286.96
Other Support Services - Related Services	000-216-270	15,951.00	(2,000.00)	13,951.00	9,236.77	4,714.23
Other Support Services - Extraordinary Services	000-217-270	7,975.00	(6,000.00)	1,975.00	1,241.44	733.56
Other Support Services - Regular	000-218-270	-	8,400.00	8,400.00	6,989.56	1,410.44
Improvement of Instructional Services	000-221-270	8,823.00	9,566.71	18,389.71	17,570.00	819.71
Media Services	000-222-270	10,172.00	17,800.00	27,972.00	25,321.40	2,650.60
General Administration	000-230-270	15,469.00	7,308.29	22,777.29	20,443.98	2,333.31
School Administration	000-240-270	83,043.00	(24,162.12)	58,880.88	55,976.82	2,904.06
Central services	000-251-270	15,151.00	3,900.00	19,051.00	17,256.39	1,794.61
Technology	000-252-270	-	-	-	-	-
Operation and Maintenance of Plant	000-260-270	99,492.00	(21,125.54)	78,366.46	67,994.84	10,371.62
Pupil Transportation	000-270-270	14,592.00	5,435.35	20,027.35	18,114.55	-
TOTAL ALLOCATED BENEFITS		<u>900,076.00</u>	<u>(48,622.31)</u>	<u>851,453.69</u>	<u>813,209.54</u>	<u>36,331.35</u>
UNALLOCATED BENEFITS						
Social Security Contributions	000-291-220	105,000.00	12,224.79	117,224.79	117,224.79	-
Other Retirement Contributions - Regular	000-291-241	126,164.00	(8,308.81)	117,855.19	116,510.48	1,344.71
Other Retirement Contributions - Deferred PERS Payment	000-291-248	4,371.00	-	4,371.00	4,371.00	-
Unemployment Compensation	000-291-250	100,000.00	(10,190.58)	89,809.42	53,690.43	36,118.99
Workmen's Compensation	000-291-260	54,000.00	(12,143.00)	41,857.00	41,857.00	-
Health Benefits	000-291-270	-	625.00	625.00	625.00	-
Tuition Reimbursement	000-291-280	16,000.00	(3,050.84)	12,949.16	11,823.56	1,125.60
Other Employee Benefits	000-291-290	54,750.00	12,443.44	67,193.44	65,492.71	1,700.73
TOTAL UNALLOCATED BENEFITS		<u>460,285.00</u>	<u>(8,400.00)</u>	<u>451,885.00</u>	<u>411,594.97</u>	<u>40,290.03</u>
On-behalf TPAF pension Contributions (non-budgeted)		-	-	-	354,411.00	(354,411.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-	-	-	227,797.91	(227,797.91)
TOTAL ON-BEHALF CONTRIBUTIONS		<u>-</u>	<u>-</u>	<u>-</u>	<u>582,208.91</u>	<u>(582,208.91)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		<u>1,360,361.00</u>	<u>(57,022.31)</u>	<u>1,303,338.69</u>	<u>1,807,013.42</u>	<u>(505,587.53)</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>4,500,951.00</u>	<u>1,781.00</u>	<u>4,502,732.00</u>	<u>4,836,893.89</u>	<u>(334,161.89)</u>
TOTAL GENERAL CURRENT EXPENSE		<u>7,508,153.00</u>	<u>131,301.72</u>	<u>7,639,454.72</u>	<u>7,903,881.88</u>	<u>(264,427.16)</u>
CAPITAL OUTLAY						
Equipment						
Undistributed Expenditures - Instruction	000-100-730	-	38,630.52	38,630.52	38,630.52	-
Undistributed Expenditures - Operation of Plant Services	000-260-730	-	2,565.00	2,565.00	2,565.00	-
Total Equipment		<u>-</u>	<u>41,195.52</u>	<u>41,195.52</u>	<u>41,195.52</u>	<u>-</u>
Facilities Acquisition and Construction Services						
Architectural/Engineering Services	000-400-334	-	10,425.50	10,425.50	10,425.50	-
Other Purchased Professional and Technical Services	000-400-390	-	29,369.00	29,369.00	29,369.00	-
Construction Services	000-400-450	-	35,775.00	35,775.00	35,775.00	-
Other Objects	000-400-800	1,644.00	-	1,644.00	1,644.00	-
Capital Outlay-Transfer to Capital Projects	000-400-932	-	5,869.00	5,869.00	-	5,869.00
Total Facilities Acquisition and Construction Services		<u>1,644.00</u>	<u>81,438.50</u>	<u>83,082.50</u>	<u>77,213.50</u>	<u>5,869.00</u>
Assets Acquired Under Capital Leases (non-budgeted)						
Undistributed Expenditures:		-	-	-	-	-
Playground Equipment		-	-	-	80,010.00	(80,010.00)
Assets Acquired Under Capital Leases (non-budgeted)		<u>-</u>	<u>-</u>	<u>-</u>	<u>80,010.00</u>	<u>(80,010.00)</u>
TOTAL CAPITAL OUTLAY		<u>1,644.00</u>	<u>122,634.02</u>	<u>124,278.02</u>	<u>198,419.02</u>	<u>(74,141.00)</u>
TOTAL EXPENDITURES		<u>7,509,797.00</u>	<u>253,935.74</u>	<u>7,763,732.74</u>	<u>8,102,300.90</u>	<u>(338,568.16)</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures		(108,531.00)	(180,651.74)	(289,182.74)	134,642.14	423,824.88
Other Financing (Uses):						
Capital Leases (non-budgeted)		-	-	-	80,010.00	80,010.00
Total Other Financing (Uses):		<u>-</u>	<u>-</u>	<u>-</u>	<u>80,010.00</u>	<u>80,010.00</u>
Excess (Deficiency) of Revenues and Other Financing Sources						
Over (Under) Expenditures and Other Financing Sources (Uses)		(108,531.00)	(180,651.74)	(289,182.74)	214,652.14	503,834.88
Fund Balance, July 1		<u>738,631.57</u>	<u>-</u>	<u>738,631.57</u>	<u>738,631.57</u>	<u>-</u>
Fund Balance, June 30		<u>\$ 630,100.57</u>	<u>\$ (180,651.74)</u>	<u>\$ 449,448.83</u>	<u>\$ 953,283.71</u>	<u>\$ 503,834.88</u>

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012
(Concluded)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):					
increase in Capital Reserve	\$ -	\$ -	\$ -	\$ 150,165.27	\$ 150,165.27
Appropriation of Additional Fund Balance		(87,485.00)	(87,485.00)		87,485.00
Adjustment for Prior Year Encumbrances		(93,166.74)	(93,166.74)	(93,166.74)	-
Budgeted Fund Balance	<u>(108,531.00)</u>	<u>-</u>	<u>(108,531.00)</u>	<u>157,653.61</u>	<u>266,184.61</u>
Total	\$ (108,531.00)	\$ (180,651.74)	\$ (289,182.74)	\$ 214,652.14	\$ 503,834.88
Analysis of Fund Balance June 30, 2012:					
Assigned:					
Encumbrances				\$ 14,029.99	
Designated for Subsequent Year's Expenditures				81,923.16	
Restricted:					
Excess Surplus (2%)				119,877.46	
Excess Surplus - Designated for Subsequent Year's Expenditures				19,134.84	
Capital Reserve Account				398,487.26	
Unassigned Fund Balance				<u>319,831.00</u>	
				\$ 953,283.71	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Fund Balance June 30, 2012				\$ 953,283.71	
Last Current Year State Aid Payment Not Realized on GAAP Basis				<u>(32,936.00)</u>	
				\$ 920,347.71	

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
EDUCATION JOBS FUND PROGRAM
Budget and Actual
Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources:					
Education Jobs Fund	\$ -	\$ 21,354.00	\$ 21,354.00	\$ 21,354.00	\$ -
Total Revenues	<u>-</u>	<u>21,354.00</u>	<u>21,354.00</u>	<u>21,354.00</u>	<u>-</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	-	21,354.00	21,354.00	21,354.00	-
000-262-100	-	21,354.00	21,354.00	21,354.00	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>-</u>	<u>21,354.00</u>	<u>21,354.00</u>	<u>21,354.00</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 21,354.00</u>	<u>\$ 21,354.00</u>	<u>\$ 21,354.00</u>	<u>\$ -</u>

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2012**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
REVENUES:					
State Sources	\$237,464.00	\$ 30,937.00	\$268,401.00	\$185,700.68	\$ 82,700.32
Federal Sources	164,981.00	133,432.00	298,413.00	291,930.00	6,483.00
Local Sources	-	<u>27,109.60</u>	<u>27,109.60</u>	<u>20,530.25</u>	<u>6,579.35</u>
Total Revenues	<u>402,445.00</u>	<u>191,478.60</u>	<u>593,923.60</u>	<u>498,160.93</u>	<u>95,762.67</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries	164,981.00	30,380.00	195,361.00	195,361.00	-
Purchased Professional and Technical Services	158,361.00	41,363.00	199,724.00	117,034.11	82,689.89
Other Purchased Services (400-500 series)	20,485.00	13,802.25	34,287.25	34,165.35	121.90
General Supplies		4,340.85	4,340.85	6,849.90	(2,509.05)
Textbooks	<u>26,829.00</u>	-	<u>26,829.00</u>	<u>19,834.57</u>	<u>6,994.43</u>
Total Instruction	<u>370,656.00</u>	<u>89,886.10</u>	<u>460,542.10</u>	<u>373,244.93</u>	<u>87,297.17</u>
Support Services					
Personal Services - Employee Benefits		8,000.00	8,000.00	4,000.00	4,000.00
Purchased Professional and Technical Services	31,789.00	91,438.00	123,227.00	120,843.00	2,384.00
Other Purchased Services (400-500 series)		1,330.35	1,330.35	-	1,330.35
General Supplies		652.15	652.15	-	652.15
Other Objects	-	<u>172.00</u>	<u>172.00</u>	<u>73.00</u>	<u>99.00</u>
Total Support Services	<u>31,789.00</u>	<u>101,592.50</u>	<u>133,381.50</u>	<u>124,916.00</u>	<u>8,465.50</u>
Total Expenditures	<u>402,445.00</u>	<u>191,478.60</u>	<u>593,923.60</u>	<u>498,160.93</u>	<u>95,762.67</u>
Total Outflows	<u>\$402,445.00</u>	<u>\$191,478.60</u>	<u>\$593,923.60</u>	<u>\$498,160.93</u>	<u>\$ 95,762.67</u>

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1 & C-2]	\$ 8,236,943.04	\$498,160.93
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		(7,021.00)	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	<u>5,422.29</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 8,229,922.04</u>	<u>\$ 503,583.22</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1 & C-2]	8,102,300.90	\$498,160.93
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		-	<u>5,422.29</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 8,102,300.90</u>	<u>\$ 503,583.22</u>

OTHER SUPPLEMENTARY INFORMATION

SECTION D
SCHOOL LEVEL SCHEDULES

SECTION E
SPECIAL REVENUE FUND

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012**

		<u>Total</u>	<u>State Aid</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES					
State Sources		\$ 185,700.68	\$ 185,700.68	\$ -	\$ -
Federal Sources		291,930.00	-	291,930.00	-
Local Sources		<u>20,530.25</u>	<u>-</u>	<u>-</u>	<u>20,530.25</u>
Total Revenues		<u>498,160.93</u>	<u>185,700.68</u>	<u>291,930.00</u>	<u>20,530.25</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	100-100	195,361.00		195,361.00	
Purchased Professional and Technical Services	100-300	117,034.11	117,034.11		
Other Purchased Services (400-500 series)	100-500	34,165.35	20,485.00		13,680.35
General Supplies	100-600	6,849.90	-		6,849.90
Textbooks	100-640	<u>19,834.57</u>	<u>19,834.57</u>	<u>-</u>	<u>-</u>
Total Instruction		<u>373,244.93</u>	<u>157,353.68</u>	<u>195,361.00</u>	<u>20,530.25</u>
Support Services:					
Personal Services - Employee Benefits	200-200	4,000.00		4,000.00	
Purchased Professional and Technical Services	200-300	120,843.00	28,347.00	92,496.00	
Other Objects	200-800	<u>73.00</u>	<u>-</u>	<u>73.00</u>	<u>-</u>
Total Support Services		<u>124,916.00</u>	<u>28,347.00</u>	<u>96,569.00</u>	<u>-</u>
Total Expenditures		<u>\$ 498,160.93</u>	<u>\$ 185,700.68</u>	<u>\$ 291,930.00</u>	<u>\$ 20,530.25</u>

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Special Revenue Fund
Combining Schedule of State Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012**

	<u>Total</u>	<u>N.J. Nonpublic Textbook Aid</u>	<u>N.J. Nonpublic Auxiliary Services</u>	<u>N.J. Nonpublic Handicapped Services</u>	<u>N.J. Nonpublic Nursing Services</u>
REVENUES					
State Sources	<u>\$ 185,700.68</u>	<u>\$ 19,834.57</u>	<u>\$ 73,654.37</u>	<u>\$ 63,864.74</u>	<u>\$ 28,347.00</u>
Total State Revenues	<u>185,700.68</u>	<u>19,834.57</u>	<u>73,654.37</u>	<u>63,864.74</u>	<u>28,347.00</u>
EXPENDITURES:					
Instruction:					
Purchased Professional and Technical Services 100-300	117,034.11		53,169.37	63,864.74	
Other Purchased Services (400-500 series) 100-500	20,485.00		20,485.00		
Textbooks 100-640	<u>19,834.57</u>	<u>19,834.57</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Instruction	<u>157,353.68</u>	<u>19,834.57</u>	<u>73,654.37</u>	<u>63,864.74</u>	<u>-</u>
Support Services:					
Purchased Professional and Technical Services 200-300	<u>28,347.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,347.00</u>
Total Support Services	<u>28,347.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,347.00</u>
Total Expenditures	<u>\$ 185,700.68</u>	<u>\$ 19,834.57</u>	<u>\$ 73,654.37</u>	<u>\$ 63,864.74</u>	<u>\$ 28,347.00</u>

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Special Revenue Fund
Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Total	N.C.L.B.		I.D.E.A. Part B	
		Title I	Title II	Basic	Preschool
REVENUES					
Federal Sources	\$291,930.00	\$54,527.00	\$24,128.00	\$201,346.00	\$11,929.00
Total Federal Revenues	<u>291,930.00</u>	<u>54,527.00</u>	<u>24,128.00</u>	<u>201,346.00</u>	<u>11,929.00</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	195,361.00	54,527.00	20,000.00	117,640.00	3,194.00
Total Instruction	<u>195,361.00</u>	<u>54,527.00</u>	<u>20,000.00</u>	<u>117,640.00</u>	<u>3,194.00</u>
Support Services:					
Personal Services - Employee Benefits	4,000.00		4,000.00		
Purchased Professional and Technical Services	92,496.00		128.00	87,208.00	5,160.00
Other Objects	73.00	-	-	73.00	-
Total Support Services	<u>96,569.00</u>	<u>-</u>	<u>4,128.00</u>	<u>87,281.00</u>	<u>5,160.00</u>
Total Expenditures	<u>\$291,930.00</u>	<u>\$54,527.00</u>	<u>\$24,128.00</u>	<u>\$204,921.00</u>	<u>\$ 8,354.00</u>

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Special Revenue Fund
Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012**

	<u>Total</u>	<u>Assembly of God Grant</u>	<u>Educational Foundation</u>	<u>NJSBIA Grant</u>
REVENUES				
Local Sources	\$ 20,530.25	\$10,000.00	\$ 8,547.75	\$ 1,982.50
Total Local Revenues	<u>20,530.25</u>	<u>10,000.00</u>	<u>8,547.75</u>	<u>1,982.50</u>
EXPENDITURES:				
Instruction:				
Other Purchased Services (400-500 series) 100-500	13,680.35	10,000.00	2,350.00	1,330.35
General Supplies 100-600	<u>6,849.90</u>	<u>-</u>	<u>6,197.75</u>	<u>652.15</u>
Total Instruction	<u>20,530.25</u>	<u>10,000.00</u>	<u>8,547.75</u>	<u>1,982.50</u>
Total Expenditures	<u>\$ 20,530.25</u>	<u>\$ 10,000.00</u>	<u>\$ 8,547.75</u>	<u>\$ 1,982.50</u>

SECTION F
CAPITAL PROJECTS FUND

SECTION G
PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

SECTION H
FIDUCIARY FUND

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2012**

<u>Schools</u>	<u>Balance June 30, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
Elementary School:				
Lincoln	\$ 7,286.15	\$ 10,967.12	\$ 7,858.92	\$ 10,394.35
Middle School:				
Jefferson	19,042.44	28,283.98	27,495.69	19,830.73
Hall of Fame Committee	280.13			280.13
DC Trip Account	16,578.87	30,687.86	30,128.43	17,138.30
Willow Tree Account	1,795.59			1,795.59
Flexible Spending Account		1,140.98	105.00	1,035.98
Athletic Fund:				
Referees	<u>483.09</u>	<u>3,500.04</u>	<u>2,983.76</u>	<u>999.37</u>
	<u>\$ 45,466.27</u>	<u>\$ 74,579.98</u>	<u>\$ 68,571.80</u>	<u>\$ 51,474.45</u>

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2012**

	<u>Balance June 30, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
Payroll Deductions and Withholdings	\$ 27,084.43	\$ 5,020,040.27	\$ 5,017,242.99	\$ 29,881.71
Net Salaries and Wages	<u>(2.01)</u>	<u>3,078,267.55</u>	<u>3,078,415.58</u>	<u>(150.04)</u>
	<u>\$ 27,082.42</u>	<u>\$ 8,098,307.82</u>	<u>\$ 8,095,658.57</u>	<u>\$ 29,731.67</u>

SECTION I
LONG – TERM DEBT

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY
Long - Term Debt
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2012**

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2011</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2012</u>
Modular Classrooms		\$ 2,480.00	\$ 29,760.00	\$ 14,880.00	\$ 17,360.00
Playground Equipment	2.75%		50,250.00	10,551.21	39,698.79
School Bus	3.50%	<u>25,454.00</u>	<u>-</u>	<u>12,727.00</u>	<u>12,727.00</u>
		<u>\$ 27,934.00</u>	<u>\$ 80,010.00</u>	<u>\$ 38,158.21</u>	<u>\$ 69,785.79</u>

STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances - Governmental Funds
J-4	Changes in Fund Balances - Governmental Funds
J-5	General Fund - Other Local Revenue by Source

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

Debt Capacity

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30, 2004.

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**

**Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 813,615.30	\$ 753,732.26	\$ 693,657.67	\$ 706,241.30	\$ 680,011.90	\$ 643,084.84	\$ 624,479.48	\$ 556,361.10	\$ 418,940.34
Restricted	633,452.71	409,154.57	239,613.87	182,483.10	188,448.18	81,839.36	52,558.76	138,742.35	219,244.89
Unrestricted	23,420.73	25,863.52	(61,292.10)	(126,423.32)	(87,495.11)	(140,703.08)	(225,813.54)	(176,695.77)	(17,056.92)
Total Governmental Activities Net Assets	\$ 1,470,488.74	\$ 1,188,750.35	\$ 871,979.44	\$ 762,301.08	\$ 780,964.97	\$ 584,221.12	\$ 451,224.70	\$ 518,207.68	\$ 621,128.31
Business-Type Activities									
Invested in Capital Assets, Net of Related Debt	\$ 22,955.08	\$ 25,049.77	\$ 14,886.45	\$ 18,980.85	\$ 17,178.37	\$ 15,875.89	\$ 23,237.54	\$ 24,135.06	\$ 31,541.71
Restricted	51,557.84	41,216.76	43,779.07	37,004.66	29,771.17	30,957.64	18,982.96	39,069.01	27,989.97
Unrestricted	74,512.92	66,266.53	58,665.52	55,985.51	46,949.54	46,833.53	42,220.50	63,204.07	59,531.68
Total Business-Type Activities Net Assets	\$ 149,025.84	\$ 132,533.06	\$ 117,231.04	\$ 112,971.02	\$ 93,899.08	\$ 93,667.06	\$ 84,441.00	\$ 126,408.14	\$ 118,063.36
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ 836,570.38	\$ 778,782.03	\$ 708,544.12	\$ 725,222.15	\$ 697,190.27	\$ 658,960.73	\$ 647,717.02	\$ 580,496.16	\$ 450,482.05
Restricted	633,452.71	409,154.57	239,613.87	182,483.10	188,448.18	81,839.36	52,558.76	138,742.35	219,244.89
Unrestricted	74,978.57	67,080.28	(17,513.03)	(89,418.66)	(57,723.94)	(109,745.44)	(206,830.58)	(137,826.76)	(10,933.05)
Total District Net Assets	\$ 1,545,001.66	\$ 1,255,016.88	\$ 930,644.96	\$ 818,286.59	\$ 827,914.51	\$ 631,054.65	\$ 493,445.20	\$ 581,411.75	\$ 680,559.99

Source: District Records

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**

**Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 3,209,517.92	\$ 3,483,972.08	\$ 3,852,807.63	\$ 3,818,829.77	\$ 3,895,467.87	\$ 3,552,945.22	\$ 3,486,454.58	\$ 3,500,207.43	\$ 3,147,122.35
Special Education	1,054,608.10	927,438.78	874,001.80	977,540.13	866,700.13	594,581.42	554,505.26	481,396.64	563,429.75
School Sponsors/Other Instructional	444,793.23	248,439.41	316,847.35	238,177.87	288,202.85	244,801.35	182,563.07	166,969.76	159,583.49
Support Services:									
Tuition	294,875.51	282,882.90	260,392.34	209,958.53	246,008.07	295,690.49	250,767.06	365,567.02	326,802.40
Student and Instruction Related Services	1,507,274.91	1,220,471.11	1,175,187.58	1,035,638.30	1,137,721.90	1,139,604.60	1,052,508.17	923,769.42	911,875.48
School Administrative Services	507,355.71	580,346.92	616,468.83	572,626.62	567,941.90	631,599.79	492,261.78	460,455.10	349,343.55
General and Business Administrative Services	449,241.11	387,925.73	468,191.27	574,824.26	561,580.57	505,049.71	542,469.79	464,258.36	540,765.91
Plant Operations and Maintenance	810,556.98	778,973.77	631,913.35	715,217.91	787,993.42	736,729.41	672,013.34	616,894.50	613,102.08
Pupil Transportation	171,899.40	162,539.56	140,919.46	106,487.93	155,426.55	162,196.12	154,052.37	131,403.95	148,506.58
Charter Schools					12,571.00				11,703.00
Debt Service Assessment	1,644.00	2,828.00						111.92	2,793.60
Interest on Long-Term Debt									
Total Governmental Activities Expenses	<u>8,451,766.87</u>	<u>8,075,818.26</u>	<u>8,338,729.61</u>	<u>8,249,301.32</u>	<u>8,520,614.26</u>	<u>7,863,198.11</u>	<u>7,387,595.42</u>	<u>7,111,034.10</u>	<u>6,775,028.19</u>
Business-type Activities:									
Food Service	170,036.83	164,744.50	170,572.94	167,298.97	162,921.21	141,169.23	161,031.49	131,497.52	123,652.43
Total Business-Type Activities Expense	<u>170,036.83</u>	<u>164,744.50</u>	<u>170,572.94</u>	<u>167,298.97</u>	<u>162,921.21</u>	<u>141,169.23</u>	<u>161,031.49</u>	<u>131,497.52</u>	<u>123,652.43</u>
Total District-Wide Expenses	<u>\$ 8,621,803.70</u>	<u>\$ 8,240,562.76</u>	<u>\$ 8,507,302.55</u>	<u>\$ 8,416,600.29</u>	<u>\$ 8,683,535.47</u>	<u>\$ 8,004,367.34</u>	<u>\$ 7,548,626.91</u>	<u>\$ 7,242,531.62</u>	<u>\$ 6,898,680.62</u>
Program Revenues									
Governmental activities:									
Charges for services:									
Instruction (tuition)	\$ 123,532.30								
Operating Grants and Contributions	1,515,319.32	1,334,098.86	1,769,469.63	1,544,023.55	2,285,039.07	1,840,404.74	1,535,401.95	1,423,328.17	1,421,662.70
Total Governmental Activities Program Revenues	<u>1,638,851.62</u>	<u>1,334,098.86</u>	<u>1,769,469.63</u>	<u>1,544,023.55</u>	<u>2,285,039.07</u>	<u>1,840,404.74</u>	<u>1,535,401.95</u>	<u>1,423,328.17</u>	<u>1,421,662.70</u>

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Business-Type Activities:									
Charges for Services:									
Food Service	\$ 109,199.70	\$ 110,098.89	\$ 111,458.68	\$ 123,405.66	\$ 113,932.96	\$ 105,750.44	\$ 94,411.80	\$ 97,847.09	\$ 87,797.38
Operating Grants and Contributions	69,048.43	62,208.18	61,746.71	52,822.51	48,973.74	39,901.00	45,490.58	37,226.42	35,138.83
Total Business-Type Activities Program Revenues	178,248.13	172,307.07	173,205.39	176,228.17	162,906.70	145,651.44	139,902.38	135,073.51	122,936.21
Total District-Wide Program Revenues	\$ 1,817,099.75	\$ 1,506,405.93	\$ 1,942,675.02	\$ 1,720,251.72	\$ 2,447,945.77	\$ 1,986,056.18	\$ 1,675,304.33	\$ 1,558,401.68	\$ 1,544,598.91
Net (Expense)/Revenue									
Governmental Activities	\$ (6,812,915.25)	\$ (6,741,719.40)	\$ (6,567,259.98)	\$ (6,705,277.77)	\$ (6,235,575.19)	\$ (6,022,793.37)	\$ (5,852,193.47)	\$ (5,687,705.93)	\$ (5,353,365.49)
Business-Type Activities	8,211.30	7,562.57	2,632.45	8,929.20	(14.51)	4,482.21	(21,129.11)	3,575.99	(716.22)
Total District-Wide Net Expense	\$ (6,804,703.95)	\$ (6,734,156.83)	\$ (6,564,627.53)	\$ (6,696,348.57)	\$ (6,235,589.70)	\$ (6,018,311.16)	\$ (5,873,322.58)	\$ (5,684,129.94)	\$ (5,354,081.71)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes:									
Property Taxes, Levied for General Purposes	\$ 6,989,235.00	\$ 6,766,947.00	\$ 6,444,711.00	\$ 6,444,711.00	\$ 6,282,273.00	\$ 6,020,071.00	\$ 5,661,244.00	\$ 5,415,299.00	\$ 5,177,097.00
Property Taxes, Levied for Debt Service Principal									
Federal and State Aid Not Restricted	75,946.56	195,376.50	190,829.92	174,560.92	96,132.10	80,794.00	69,216.09	70,552.05	65,480.85
Tuition		57,808.32	58,468.83	76,318.68			11,606.32	10,864.96	75,440.14
Investment Earnings	384.95	1,225.97	1,869.05	8,774.04	27,278.06	46,267.92	30,450.05	14,090.80	9,753.01
Miscellaneous Income	29,087.13	37,132.52	28,484.74	75,663.27	26,635.87	8,656.87	12,991.03	7,466.27	44,707.03
N.J. Economic Development Authority Grants									147,608.00
Special Item - Prior Year Adj.				(47,425.20)					
Special Item - Adjustment on EDA Loan									
Total Governmental Activities	7,094,653.64	7,058,480.31	6,676,938.34	6,686,613.88	6,432,319.03	6,155,789.79	5,785,507.49	5,664,785.30	5,520,086.03
Business-Type Activities:									
Investment Earnings	35.09	38.44	47.56	106.77	130.52	130.82	145.54	96.40	89.10
Total Business-Type Activities	35.09	38.44	47.56	106.77	130.52	130.82	145.54	96.40	89.10
Total District-Wide General Revenues	\$ 7,094,688.73	\$ 7,058,528.75	\$ 6,676,985.90	\$ 6,686,720.65	\$ 6,432,449.55	\$ 6,155,920.61	\$ 5,785,653.03	\$ 5,664,881.70	\$ 5,520,175.13
Change in Net Assets									
Governmental Activities	\$ 281,738.39	\$ 316,770.91	\$ 109,678.36	\$ (18,663.89)	\$ 186,743.85	\$ 132,986.42	\$ (66,685.98)	\$ (102,920.63)	\$ 166,720.54
Business-Type Activities	8,246.39	7,601.01	2,680.01	9,035.97	1,160.1	4,613.03	(20,983.57)	3,672.39	(627.12)
Total District-Wide Change in Net Assets	\$ 289,984.78	\$ 324,371.92	\$ 112,358.37	\$ (9,627.92)	\$ 186,858.86	\$ 137,609.45	\$ (87,669.55)	\$ (99,248.24)	\$ 166,093.42

Source: District Records.

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**

**Fund Balances - Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund Reserved Unreserved	\$633,452.71	\$409,154.57	\$239,613.87	\$182,483.10	\$191,154.18	\$82,327.36	\$53,046.76	\$139,230.14	\$220,962.49
Total General Fund	<u>\$920,347.71</u>	<u>\$712,716.57</u>	<u>\$456,812.87</u>	<u>\$384,392.07</u>	<u>\$421,950.18</u>	<u>\$248,929.01</u>	<u>\$183,877.49</u>	<u>\$301,847.70</u>	<u>\$532,780.31</u>
All Other Governmental Funds Unreserved, Reported In:					\$ (488.00)	\$ (488.00)	\$ (488.00)	\$ (488.00)	\$ (487.95)
Special Revenue Fund								0.21	1.45
Debt Service Fund									
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (488.00)</u>	<u>\$ (488.00)</u>	<u>\$ (488.00)</u>	<u>\$ (487.79)</u>	<u>\$ (486.50)</u>
Total Fund Balances	<u>\$920,347.71</u>	<u>\$712,716.57</u>	<u>\$456,812.87</u>	<u>\$384,392.07</u>	<u>\$421,462.18</u>	<u>\$248,441.01</u>	<u>\$183,389.49</u>	<u>\$301,359.91</u>	<u>\$532,293.81</u>

Source: District Records

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Changes in Fund Balances - Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues									
Tax Levy	\$ 6,989,235.00	\$ 6,766,947.00	\$ 6,444,711.00	\$ 6,444,711.00	\$ 6,282,273.00	\$ 6,020,071.00	\$ 5,661,244.00	\$ 5,473,151.00	\$ 5,245,371.45
Tuition Charges	123,532.30	57,808.32	58,468.83	76,318.68			11,606.32	10,864.96	
Interest Earnings	384.95	1,225.97	1,869.05	8,774.04			30,450.05	14,090.80	9,753.01
Miscellaneous	29,087.13	37,132.52	28,484.74	77,870.99	27,278.06	46,267.92	18,228.63	7,468.27	44,707.03
State Sources	1,276,616.18	1,154,530.90	1,456,408.53	1,433,084.10	1,986,624.09	1,630,172.63	1,358,910.75	1,248,577.66	1,235,606.80
Federal Sources	314,649.70	374,944.46	503,891.02	283,292.65	394,547.08	283,744.82	240,172.69	243,960.78	258,703.44
Total revenues	8,733,509.26	8,392,589.17	8,493,833.17	8,324,051.46	8,717,358.10	7,996,194.52	7,320,612.44	6,998,113.47	6,794,140.73
Expenditures									
Instruction									
Regular	2,373,047.89	2,555,444.36	2,940,326.25	2,999,670.79	2,916,505.05	2,614,422.70	2,719,408.85	2,802,074.53	2,534,840.78
Special Education	724,277.41	758,941.34	747,427.17	729,062.82	691,477.95	464,091.80	432,976.54	359,267.45	456,866.46
School Sponsored/Other Instructional	348,329.91	179,711.86	237,930.76	231,418.47	207,258.19	177,756.07	138,619.08	129,117.73	128,876.40
Support Services:									
Tuition	294,875.51	282,882.90	260,392.34	209,958.53	246,008.07	295,690.49	250,767.06	385,567.02	326,802.40
Student and Instruction Related Services	1,281,407.32	997,571.25	934,469.02	843,928.64	892,145.41	913,077.96	837,178.89	747,786.14	731,698.46
School Administrative Services	429,787.79	451,302.66	507,245.21	467,225.85	452,942.41	419,303.98	405,159.11	387,178.10	284,803.87
General and Business Administrative Services	312,465.44	270,386.15	349,505.65	456,628.38	411,468.19	418,052.54	403,252.85	339,081.15	437,940.37
Plant Operations and Maintenance	683,678.91	672,950.52	598,267.74	625,680.18	643,508.07	607,080.80	556,174.34	510,267.95	498,120.89
Pupil Transportation	148,581.50	139,937.47	125,648.66	97,298.25	141,248.33	145,320.30	139,710.95	121,827.17	121,827.17
Employee Benefits	1,811,013.42	1,697,221.18	1,617,724.81	1,494,906.14	1,862,677.16	1,832,094.36	1,461,364.28	1,301,027.45	1,173,452.71
Charter Schools					12,571.00				11,703.00
Capital Outlay	196,775.02	127,507.78	54,849.56	301,891.52	66,527.10	44,252.00	93,970.91	108,310.44	507,505.36
Capital Outlay - Debt Service Assessment	1,644.00	2,828.00							
Debt Service:									
Principal									
Interest and Other Charges								56,510.22	64,297.72
Total Expenditures	8,605,884.12	8,136,685.47	8,373,987.17	8,457,669.57	8,544,336.93	7,931,143.00	7,438,582.86	7,229,047.37	7,282,732.32
Excess (Deficiency) of Revenues Over (Under) Expenditures	127,625.14	255,903.70	119,846.00	(133,618.11)	173,021.17	65,051.52	(117,970.42)	(230,933.90)	(488,591.59)

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Changes in Fund Balances - Governmental Funds,
Last Nine Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Other Financing Sources (Uses)									
Capital leases (non-budgeted)	\$ 80,010.00	\$ -	\$ -	\$ 96,548.00	\$ -	\$ -	\$ -	\$ -	\$ 261,022.00
Reallocation of Prior Year Expenses			(47,425.20)						
N.J. Economic Development Authority Grants							0.21		147,608.00
Transfers In							(0.21)		52,214.85
Transfers Out			(47,425.20)	96,548.00					(52,214.85)
Total Other Financing Sources (Uses)	<u>80,010.00</u>	<u>-</u>	<u>(47,425.20)</u>	<u>96,548.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408,630.00</u>
Net Change in Fund Balances	<u>\$ 207,631.14</u>	<u>\$ 255,903.70</u>	<u>\$ 72,420.80</u>	<u>\$ (37,070.11)</u>	<u>\$ 173,021.17</u>	<u>\$ 173,021.17</u>	<u>\$ (117,970.42)</u>	<u>\$ (230,933.90)</u>	<u>\$ (79,961.59)</u>

Debt Service as a Percentage of Noncapital Expenditures 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.00% 0.81% 1.01%

Source: District Records

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**

General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

Fiscal Year Ending June 30,	Interest	Tuition	Other	Misc. Refunds	Total
2003	\$ 16,859.69	\$ -	\$ -	\$ 31,605.27	\$ 48,464.96
2004	9,753.01	-	18,191.00	26,516.03	54,460.04
2005	14,090.80	10,864.96	511.10	-	25,466.86
2006	30,450.05	11,606.32	12,991.03	-	55,047.40
2007	46,267.92	-	8,656.87	-	54,924.79
2008	27,278.06	-	17,395.08	-	44,673.14
2009	8,774.04	76,318.68	50,087.05	25,576.22	160,755.99
2010	1,869.05	58,468.83	3,866.96	12,593.47	76,798.31
2011	1,225.97	57,808.32	2,715.02	21,046.00	82,795.31
2012	384.95	123,532.30	8,556.88	-	132,474.13

Source: District Records

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446,916,418.00	\$ 533,084,516.00	1.150
2004	-	-	-	-	-	-	-	771,600,033	651,838,909	0.696
2005	-	-	-	-	-	-	-	767,065,591	727,448,217	0.723
2006	13,759,500	558,180,200	143,750,500	24,756,900	21,776,100	762,223,200	886,422	763,109,622	870,139,725	0.767
2007	12,959,000	561,984,000	138,492,700	29,747,700	22,292,400	765,475,800	-	765,475,800	879,939,762	0.803
2008	10,291,900	563,247,300	143,341,900	31,007,900	22,292,400	770,181,400	-	770,181,400	940,966,900	0.830
2009	9,275,600	564,835,000	146,893,000	31,420,600	22,092,400	774,516,600	-	774,516,600	822,518,898	0.832
2010	7,687,300	566,098,500	148,645,600	31,245,600	22,292,400	775,969,400	-	775,969,400	938,179,459	0.846
2011	7,576,300	566,923,205	152,356,300	31,661,525	22,292,400	780,809,730	-	780,809,730	939,494,450	0.879
2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	781,311,643	844,012,639	0.879

(1) Revaluation Year

Source: Municipal Tax Assessor

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct School Tax Rate	Municipality	Regional High School	County	
2002	\$ 1.103	\$ 0.015	\$ 1.118	\$ 0.622	\$ 0.749	\$ 0.341	\$ 2.830
2003	1.135	0.015	1.150	0.640	0.820	0.350	2.960
2004	0.687	0.009	0.696	0.379	0.519	0.246	1.840
2005	0.715	0.008	0.723	0.406	0.559	0.252	1.940
2006	0.767	-	0.767	0.436	0.553	0.264	2.020
2007	0.803	-	0.803	0.482	0.563	0.272	2.120
2008	0.830	-	0.830	0.545	0.590	0.288	2.253
2009	0.832	-	0.832	0.585	0.613	0.275	2.305
2010	0.846	-	0.846	0.611	0.619	0.281	2.357
2011	0.879	-	0.879	0.629	0.629	0.284	2.421

Source: Municipal Tax Collector

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**

**Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited**

Fiscal Year Ended June 30,	2011		2001	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Rockaway Commons, LLC	\$ 13,026,250	1.67%		
Mc Williams Development	10,319,500	1.32%		
Highway Enterprises	7,756,600	0.99%		
HS Gardens LLC	6,625,000	0.85%		
Fortunato, Robert	4,832,325	0.62%		
Gustav Hollenstein, Inc.	4,249,700	0.54%		
Moretrench Corp.	4,042,400	0.52%		
Wespas Associates	3,100,000	0.40%		
Kop-Coat Inc.	2,976,800	0.38%		
Won and Kyong	2,154,800	0.28%		
Total	<u>\$ 59,083,375</u>	<u>7.57%</u>	<u>\$ -</u>	<u>0.00%</u>

NOT AVAILABLE

Source: Municipal Tax Assessor

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**

**Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years	Total Collections to Date	
		Levy Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 12,649,546	\$ 12,394,090	97.98%	\$	12,394,090	97.98%
2003	13,283,205	13,012,017	97.95%		13,012,017	97.95%
2004	14,129,248	13,778,510	97.51%		13,778,510	97.51%
2005	14,129,248	14,129,248	100.00%		14,129,248	100.00%
2006	15,507,717	15,192,501	97.96%		15,192,501	97.96%
2007	16,323,311	15,989,386	97.95%		15,989,386	97.95%
2008	17,485,967	17,029,627	97.39%		17,029,627	97.39%
2009	17,834,167	17,247,847	96.71%		17,247,847	96.71%
2010	18,431,376	18,098,704	98.20%		18,098,704	98.19%
2011	18,946,999	18,512,411	97.71%		18,512,411	97.70%

Source: Municipal Tax Collector

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities							Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Loans						
2003	\$ -	\$ -	\$ -	136,128	\$ -	136,128	\$ -	0	\$ 21	
2004	-	-	261,022	67,853	-	328,875	-	0.17%	52	
2005	-	-	211,499	-	-	211,499	-	0.11%	33	
2006	-	-	160,682	-	-	160,682	-	0.08%	26	
2007	-	-	108,517	-	-	108,517	-	0.05%	17	
2008	-	-	54,969	-	-	54,969	-	0.03%	9	
2009	-	-	83,148	-	-	83,148	-	0.04%	13	
2010	-	-	55,541	-	-	55,541	-	0.02%	9	
2011	-	-	27,934	-	-	27,934	-	0.01%	4	
2012	-	-	69,786	-	-	69,786	-	0.03%	11	

Source: District Records

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds					
2003	\$ -	\$ -	-	\$ -	0.00%	\$ -
2004	-	-	-	-	0.00%	-
2005	-	-	-	-	0.00%	-
2006	-	-	-	-	0.00%	-
2007	-	-	-	-	0.00%	-
2008	-	-	-	-	0.00%	-
2009	-	-	-	-	0.00%	-
2010	-	-	-	-	0.00%	-
2011	-	-	-	-	0.00%	-
2012	-	-	-	-	0.00%	-

Source: District Records

NOTE: 2006 Revaluation completed

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**

**Direct and Overlapping Governmental Activities Debt
As of December 31, 2011
Unaudited**

Net Direct Debt of School District as of December 31, 2011	\$ -
Net Overlapping Debt of School District:	
Borough of Rockaway (100%)	\$ 5,007,000.00
County of Morris - Borough's share (.009554%)	2,572,387.03
Utility Authority-Borough's share (2.34%)	
Rockaway Valley Regional Sewerage Authority	<u>346,664.37</u>
Total Direct and Overlapping Debt as of December 31, 2011	<u>\$ 7,926,051.41</u>

Source: Borough of Rockaway Chief Financial Officer and Morris County Treasurer's Office

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**

**Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2009	938,179,459
2010	916,030,457
2011	890,725,222
	<u>\$ 2,744,935,138</u>
Average equalized valuation of taxable property	<u>\$ 914,978,379</u>
Debt limit (3 % of average equalization value)	27,449,351
Total Net Debt Applicable to Limit	<u>\$ 27,449,351</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ -	\$ 14,819,562	\$ 16,578,898	\$ 18,768,187	\$ 31,817,777	\$ 25,963,289	\$ 36,708,396	\$ 37,419,249	\$ 27,885,130	\$ 27,449,351
Total Net Debt Applicable to Limit	-	<u>138,128</u>	<u>67,853</u>	-	-	-	-	-	-	-
Legal Debt Margin	\$ -	<u>\$ 14,683,434</u>	<u>\$ 16,511,045</u>	<u>\$ 18,768,187</u>	<u>\$ 31,817,777</u>	<u>\$ 25,963,289</u>	<u>\$ 36,708,396</u>	<u>\$ 37,419,249</u>	<u>\$ 27,885,130</u>	<u>\$ 27,449,351</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		0.92%	0.41%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Equalized Valuation Bases were obtained from the Annual Report of the State of New Jersey,
Department of Treasury, Division of Taxation

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2002	6,401	\$ 179,957,714	\$ 28,114	5.70%
2003	6,381	184,774,617	28,957	5.70%
2004	6,358	189,633,708	29,826	4.60%
2005	6,323	194,248,883	30,721	5.10%
2006	6,272	198,458,624	31,642	5.30%
2007	6,247	203,602,224	32,592	4.80%
2008	6,233	209,235,577	33,569	6.30%
2009	6,231	215,443,056	34,576	10.70%
2010	6,443	229,281,542	35,614	7.00%
2011	6,474	243,655,464	37,636	10.50%

Sources:

Population information provided by the NJ Dept of Labor and Workforce Development
 Personal income has been estimated based upon the municipal population and per capita personal income presented
 Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
 Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	0	38	38	43	37	38	37	35	31	34
Special Education	0	11	11	11	12	14	31	31	9	13
Other										
Support Services:										
Student and Instruction Related Services	0	5	4	5	9	10	10	10	17	15
General Administration	0	2	2	2	2	2	2	2	2	2
School Administrative Services	0	5	5	5	5	5	5	3	4	2
Other Administrative Services	0	3	3	3	3	3	3	3	3	3
Central Services	0	2	2	2	2	1	3	3	3	3
Administrative Information Technology	0	2	2	1	2	1	2	1	1	1
Plant Operations and Maintenance	0	6	4	6	6	6	6	5	9	9
Pupil Transportation	0	1	1	2	2	2	2	2	2	2
Other Support Services										1
Total	<u>0</u>	<u>75</u>	<u>72</u>	<u>80</u>	<u>80</u>	<u>82</u>	<u>101</u>	<u>95</u>	<u>81</u>	<u>85</u>

Source: District Records

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2003	589.1	\$ 5,635,727.97	\$9,566.67	1.42%	49.10	16.9	32.2	595.1	567.7	1.99%	95.40%
2004	602.0	6,214,485.35	10,323.07	7.91%	49.10	16.9	32.2	543.0	534.0	-8.75%	98.34%
2005	621.0	6,584,622.50	10,603.26	2.71%	48.90	16.9	32.0	558.0	523.0	2.76%	93.73%
2006	611.0	6,823,920.89	11,168.45	5.33%	50.90	17.9	33.0	572.0	541.0	2.51%	94.58%
2007	641.0	7,331,969.57	11,438.00	2.41%	48.75	18.8	30.0	572.0	541.0	0.00%	94.58%
2008	668.0	7,530,217.29	11,272.78	-1.44%	51.00	20.0	31.0	657.0	624.0	14.86%	94.98%
2009	672.0	7,584,435.12	11,286.36	0.12%	53.00	20.0	31.0	661.8	621.0	0.73%	93.83%
2010	674.0	7,559,360.37	11,215.67	-0.63%	50.70	21.5	29.2	665.9	638.0	0.62%	95.81%
2011	674.0	7,375,236.67	10,942.49	-2.44%	48.10	22.3	25.8	671.0	637.0	0.77%	94.93%
2012	656.0	8,407,465.10	12,816.26	17.12%	50.90	21.5	29.4	674.0	655.0	0.45%	97.18%

Source: District Records

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

School Building Information
Last Ten Fiscal Years
Unaudited

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>District Building</u>										
<u>Elementary</u>										
Lincoln School (1912)										
Square Feet	26,880	26,880	26,880	26,880	26,880	28,464	28,464	28,464	28,464	28,464
Capacity (students)	205	205	205	205	205	205	205	205	205	205
Enrollment	271	259	251	288	323	318	302	322	302	289
<u>Middle School</u>										
Thomas Jefferson School (1958)										
Square Feet	42,620	42,620	42,620	42,620	42,620	42,620	42,620	42,620	42,620	42,620
Capacity (students)	305	305	305	305	305	305	305	305	315	315
Enrollment	350	352	360	353	345	353	372	352	372	367
<u>Other</u>										
Field House (1954)										
Square Feet	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Administration Building (1900)										
Square Feet	2,832	2,832	2,832	2,832	2,832	2,832	2,832	2,832	2,832	2,832

Number of Schools at June 30, 2012

Elementary = 1

Middle School = 1

Senior High School = 0

Other = 2

Source: District Records

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**

**General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited**

Undistributed Expenditures--Required
Maintenance for School Facilities
11-000-261-xxx

*School Facility	Pending Projects (w/DOE Project #)	Gross Building Area (SF)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Thomas Jefferson Admin. Bldg.	SP#200383	42,620	\$ 110,758	\$ 107,245	\$ 63,205	\$ 81,134	\$ 73,900	\$ 74,596	\$ 75,557	\$ 88,461	\$ 82,896	\$ 69,658
Lincoln School		28,464	73,970	71,627	75,170	87,731	92,740	95,938	67,151	54,387	51,401	60,223
Whitehouse		2,832	8,360	7,123	8,183	6,366	-	-	-	-	-	-
District Total		73,916	\$ 193,087	\$ 185,995	\$ 146,558	\$ 175,231	\$ 166,640	\$ 170,534	\$ 142,708	\$ 142,848	\$ 134,297	\$ 129,881

*School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Insurance Schedule
2012
Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -Selective Insurance		
Property - Blanket Building and Contents	\$ 15,641,081	\$ 1,000
Boiler and Machinery	Unlimited	1,000
General Automobile Liability	1,000,000	
Commercial General Liability		
Each Occurance	1,000,000	
General Aggregate	2,000,000	
Excess Liability	10,000,000	
NJ School Board Insurance Group-		
Workers Compensation	2,000,000	
Life Insurance Company of North America-		
Student Accident Insurance	1,000,000	
Volunteer Accident Insurance	15,000	
Surety Bonds		
Treasurer	200,000	N/A
Board Secretary/Business Administrator	5,000	N/A
Food Services Director	5,000	N/A
Darwin Insurance-		
School Board Legal Liability	2,000,000	5,000

Source: District Records.

SINGLE AUDIT SECTION



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

K-1
Sheet 1

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
“GOVERNMENT AUDITING STANDARDS”

The Honorable President
Members of the Board of Education
Borough of Rockaway School District
County of Morris, New Jersey

We have audited the basic financial statements of the Borough of Rockaway School District as of and for the year ended June 30, 2012, and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Rockaway School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Rockaway School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Rockaway School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

111 Howard Boulevard
Suite 212
P.O. Box 397
Mt. Arlington, NJ 07856
Phone: 973-770-5491
Fax: 973-770-5494
vm_associates@msn.com

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Rockaway School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Borough of Rockaway School District and the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

November 30, 2012

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

K-2
Sheet 1

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR LETTER 04-04

The Honorable President
Members of the Board of Education
Borough of Rockaway School District
County of Morris, New Jersey

Compliance

We have audited the compliance of the Borough of Rockaway School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey Compliance Manual State Grants Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2012. The Borough of Rockaway School District's major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Borough of Rockaway School District's management. Our responsibility is to express an opinion on Borough of Rockaway School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey Office of Management and Budget Circular Letter 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey's OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Rockaway School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Rockaway School District's compliance with those requirements.

111 Howard Boulevard
Suite 212
P.O. Box 397
Mt. Arlington, NJ 07856
Phone: 973-770-5491
Fax: 973-770-5494
vm_associates@msn.com

In our opinion, the Board of Education of the Borough of Rockaway School District, in the County of Morris, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Borough of Rockaway School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Borough of Rockaway School District's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey's OMB's Circular Letter 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Rockaway School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Rockaway School District's internal control over compliance.

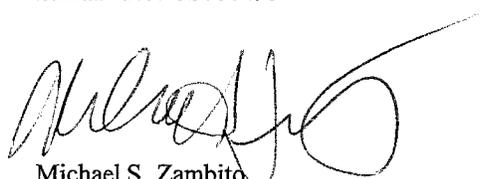
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the Borough of Rockaway School District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

November 30, 2012

**BOARD OF EDUCATION
BOROUGH OF ROCKAWAY**

**Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2011	Adjustments	Cash Received	Disbursements	BUDGETARY EXPENDITURES		Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2012	Due to Grantor
								Accounts Payable	Encumbrances				
U.S. Department of Treasury:													
Education Jobs Fund	84.410A	9/1/11-8/31/12	\$ 21,354.00	\$ -	\$ -	\$ 21,354.00	\$ 21,354.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total U.S. Department of Treasury			\$ 21,354.00	\$ -	\$ -	\$ 21,354.00	\$ 21,354.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Department of Agriculture Passed - Through State Department of Education:													
Food Distribution Program	10.550	7/1/11-6/30/12	\$ 10,601.48	\$ 893.51	\$ -	\$ 10,474.50	\$ 10,601.48	\$ -	\$ -	\$ -	\$ 0.00	\$ 766.53	\$ -
School Breakfast Program	10.553	7/1/11-6/30/12	3,030.49	(241.20)	-	2,495.06	3,030.49	-	-	-	(535.43)	-	-
School Breakfast Program	10.553	7/1/10-6/30/11	2,429.76			241.20							
National School Lunch Program	10.555	7/1/11-6/30/12	52,384.37	(3,727.24)	-	42,340.31	52,384.37	-	-	-	(10,044.06)	-	-
National School Lunch Program	10.555	7/1/10-6/30/11	49,752.78			3,727.24							
Special Milk Program	10.556	7/1/11-6/30/12	848.17	(53.07)	-	718.10	848.17	-	-	-	(130.07)	-	-
Special Milk Program	10.556	7/1/10-6/30/11	995.87	(3,128.00)	-	53.07					(10,709.56)	766.53	-
Total U.S. Department of Agriculture			\$ 106,001.48	\$ (3,128.00)	\$ -	\$ 60,049.48	\$ 66,864.51	\$ -	\$ -	\$ -	\$ (10,709.56)	\$ 766.53	\$ -
U.S. Department of Education Passed - Through State Department of Education:													
N.C.L.B. Title I	84.010A	9/1/11-8/31/12	54,527.00	(41,259.00)	-	54,527.00	54,527.00	-	-	-	-	-	-
N.C.L.B. Title I	84.010A	9/1/10-8/31/11	59,119.00			41,259.00							
N.C.L.B. Title II A	84.367A	9/1/11-8/31/12	26,611.00	(3,134.00)	1,058.00	20,000.00	20,128.00	-	-	-	(6,611.00)	6,483.00	-
N.C.L.B. Title II A	84.367A	9/1/09-8/31/10	26,961.00		(1,058.00)	6,076.00	4,000.00	-	-	-	-	-	-
N.C.L.B. Title II A	84.367A	9/1/08-8/31/09	27,154.00	7,100.00	-	-	-	-	710.00	-	-	-	-
N.C.L.B. Title II A	84.367A	9/1/07-8/31/08	28,063.00										
N.C.L.B. Title II D	84.318X	9/1/11-8/31/12	90.00	(90.00)	(140.00)	90.00	-	-	-	-	(90.00)	90.00	-
N.C.L.B. Title IV	84.186A	9/1/09-8/31/10	2,193.00	(203.00)		343.00							
N.C.L.B. Title IV	84.186A	9/1/09-8/31/10	2,145.00	(1,272.00)	1,272.00								
N.C.L.B. Title V	84.296A	9/1/09-8/31/09	1,218.00	260.00	-	-	-	-	-	260.00	-	-	-
I.D.E.A. Part B, Basic	84.027A	9/1/11-8/31/12	201,346.00	(71,820.00)	-	138,320.00	192,816.91	8,529.09	-	-	(63,026.00)	-	-
I.D.E.A. Part B, Basic	84.027A	9/1/10-8/31/11	204,599.00	(18,500.00)	-	71,819.00	-	-	-	-	(1.00)	-	-
I.D.E.A. Part B, Basic - Carryover	84.027A	9/1/09-8/31/10	201,708.00	(33,541.00)	-	18,500.00	-	-	-	-	-	-	-
I.D.E.A. Part B, Basic - ARRA	84.391	9/1/09-8/31/11	238,865.00	(33,541.00)	-	33,541.00	-	-	-	-	-	-	-
I.D.E.A. Part B, Preschool	84.173A	9/1/11-8/31/12	8,354.00	(4,902.00)	73.00	3,194.00	3,194.00	5,160.00	-	-	(5,160.00)	-	-
I.D.E.A. Part B, Preschool	84.173A	9/1/10-8/31/11	8,477.00	(2,700.00)	-	4,902.00	73.00	3,502.00	-	-	(3,575.00)	-	-
I.D.E.A. Part B, Preschool - ARRA	84.392	9/1/09-8/31/11	8,633.00	(2,700.00)	-	2,700.00	-	-	-	-	-	-	-
Total U.S. Department of Education			\$ 1,132.00	\$ (175,521.00)	\$ 1,132.00	\$ 395,271.00	\$ 274,738.91	\$ 17,191.09	\$ 970.00	\$ (78,463.00)	\$ 6,573.00	\$ -	\$ -
Total Federal Financial Assistance			\$ 476,674.48	\$ 362,957.42	\$ 17,191.09	\$ 1,132.00	\$ 362,957.42	\$ 17,191.09	\$ 970.00	\$ (69,172.56)	\$ 7,339.53	\$ -	\$ -

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2011	Adjustments	Cash Received	Disbursements	BUDGETARY EXPENDITURES		Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2012 Deferred Revenue	Due to Grantor
								Accounts Payable	Encumbrances				
Total													
General Funds:													
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 48,045.00	\$ -	\$ -	\$ 44,159.80	\$ 48,045.00	\$ -	\$ -	\$ -	\$ (3,885.20)	\$ -	\$ -
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	166,786.00	(16,415.00)	-	16,415.00	-	-	-	-	-	-	-
Special Education Categorical Aid	12-495-034-5120-069	7/1/11-6/30/12	359,247.00	(9,500.00)	-	330,186.20	359,247.00	-	-	-	(29,060.80)	-	-
Special Education Categorical Aid	11-495-034-5120-069	7/1/10-6/30/11	95,237.00	(9,500.00)	-	9,500.00	-	-	-	-	-	-	-
Extraordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	88,091.00	(101,616.00)	-	101,616.00	88,091.00	-	-	-	(88,091.00)	-	-
Extraordinary Aid	11-495-034-5120-044	7/1/10-6/30/11	101,616.00	(101,616.00)	-	-	-	-	-	-	(1,740.00)	-	-
Non-Public Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	1,740.00	(2,610.00)	-	2,610.00	1,740.00	-	-	-	-	-	-
Non-Public Transportation Aid	11-495-034-5120-014	7/1/10-6/30/11	2,610.00	(2,610.00)	-	-	-	-	-	-	-	-	-
Anti-Bullying Bill of Rights Act	12-495-034-5120-014	7/1/11-6/30/12	14,546.00	(2,234.50)	-	14,546.00	14,546.00	-	-	-	-	-	-
TPAF Wage Freeze Aid	11-495-034-5120-014	7/1/10-6/30/11	4,469.00	(2,234.50)	-	2,234.50	-	-	-	-	-	-	-
TPAF Wage Freeze Aid	10-495-034-5120-014	7/1/09-6/30/10	227,797.91	(11,987.35)	-	216,066.52	227,797.91	-	-	-	(11,711.39)	-	-
Reimbursed TPAF Social Security Contribution	12-495-034-5095-002	7/1/11-6/30/12	241,153.84	(11,987.35)	-	216,066.52	227,797.91	-	-	-	(11,711.39)	-	-
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	241,153.84	(11,987.35)	-	216,066.52	227,797.91	-	-	-	(11,711.39)	-	-
On-Behalf TPAF Pension Contributions	12-495-034-5095-001	7/1/11-6/30/12	354,411.00	(144,392.85)	-	354,411.00	354,411.00	-	-	-	(134,478.39)	-	-
On-Behalf TPAF Pension Contributions	11-495-034-5095-001	7/1/10-6/30/11	354,411.00	(144,392.85)	-	354,411.00	354,411.00	-	-	-	(134,478.39)	-	-
Total General Funds			1,093,679.91	(144,392.85)	-	1,103,764.37	1,093,679.91	-	-	-	(134,478.39)	-	-
Special Revenue Funds:													
New Jersey Nonpublic Aid:													
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	19,845.00	33.13	-	19,845.00	19,109.22	725.35	-	33.13	0.00	-	10.43
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	28,829.00	33.13	-	-	-	-	-	-	-	-	-
Auxiliary Services:													
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	65,080.00	2,508.43	-	65,080.00	53,169.37	-	2,508.43	-	-	-	11,920.63
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	95,365.00	2,508.43	-	-	-	-	-	-	-	-	-
Compensatory Education	09-100-034-5120-067	7/1/08-6/30/09	80,423.00	0.27	-	-	-	-	0.27	-	-	-	-
Transportation	12-100-034-5120-068	7/1/11-6/30/12	20,485.00	0.27	-	20,485.00	20,485.00	-	-	-	-	-	-
Transportation	11-100-034-5120-068	7/1/10-6/30/11	20,485.00	0.27	-	-	-	-	-	-	-	-	-
Handicapped Services:													
Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	89,528.00	7,176.42	-	69,528.00	31,385.30	-	7,176.42	-	-	-	38,142.70
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	25,991.00	7,176.42	-	-	-	-	-	-	-	-	-
Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	48,971.00	5,477.68	-	48,971.00	19,431.54	-	5,477.68	-	-	-	29,539.46
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	51,164.00	5,477.68	-	-	-	-	-	-	-	-	-
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	16,135.00	5,142.72	-	16,135.00	13,047.90	-	5,142.72	-	-	-	3,087.10
Supplementary Instruction	11-100-034-5120-066	7/1/10-6/30/11	18,066.00	5,142.72	-	-	-	-	-	-	-	-	-
Supplementary Instruction	12-100-034-5120-066	7/1/11-6/30/12	28,347.00	5,142.72	-	28,347.00	28,347.00	-	5,142.72	-	-	-	-
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	28,347.00	5,142.72	-	-	-	-	-	-	-	-	-
Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	28,347.00	5,142.72	-	28,347.00	28,347.00	-	5,142.72	-	-	-	-
Total Special Revenue Funds			20,336.65	(176.02)	-	20,336.65	185,700.68	725.35	-	20,336.65	0.00	-	82,700.32
Enterprise Funds:													
State School Lunch Program	11-100-010-3350-067	7/1/11-6/30/12	2,191.73	(176.02)	-	1,782.53	2,191.73	-	2,191.73	-	(408.20)	-	-
State School Lunch Program	10-100-010-3350-067	7/1/10-6/30/11	2,200.55	(176.02)	-	1,782.53	-	-	-	-	-	-	-
State School Lunch Program	11-100-010-3350-067	7/1/10-6/30/11	2,200.55	(176.02)	-	1,959.55	2,191.73	-	-	-	(408.20)	-	-
Total All Funds			\$1,281,772.32	\$ (124,200.22)	\$ -	\$1,374,123.92	\$1,281,046.97	\$ 725.35	\$ -	\$20,336.65	\$ (134,887.59)	\$ -	\$82,700.32

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Borough of Rockaway School District Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes I:E and Note I:F. to the Board's basic financial statements. The information in the schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent year due to the state deferral and recording of one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2012
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(7,021.00) for the general fund and \$5,422.29 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 21,354.00	\$1,086,858.91	\$1,108,212.91
Special Revenue Fund	293,295.70	189,757.27	483,052.97
Food Service Fund	<u>66,864.51</u>	<u>2,191.73</u>	<u>69,056.24</u>
 Total Awards and Financial Assistance	 <u>\$381,514.21</u>	 <u>\$1,278,807.91</u>	 <u>\$1,660,322.12</u>

Note 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Part I – Summary of Auditor’s Results

Financial Statement Section

- | | | |
|-------------------------------------------------------------------------------------------------------|-------------|-----------|
| A) Type of auditor’s report issued: | Unqualified | |
| B) Internal Control over financial reporting: | | |
| 1) Material weakness(es) identified? | _____yes | ___X___no |
| 2) Were significant deficiencies identified
that were not considered to be material
weaknesses? | _____yes | ___X___no |
| C) Noncompliance material to basic
financial statements noted? | _____yes | ___X___no |

Federal Awards Section

NOT APPLICABLE

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Part I – Summary of Auditor’s Results (Continued)

State Financial Assistance Section

- D) Dollar threshold used to determine Type A Programs \$300,000.00 _____
- E) Auditee qualified as low-risk auditee? ____yes X no ____n/a
- F) Type of auditor’s report on compliance for major programs. ____Unqualified_____
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? ____yes ____X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? ____yes ____X no
- H) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? ____yes ____X no

I) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
12-495-034-5120-089	Special Education Categorical Aid
12-495-034-5095-002	Reimbursed TPAF Social Security
12-495-034-5120-078	Equalization Aid

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Not Applicable

BOARD OF EDUCATION
BOROUGH OF ROCKAWAY

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2012

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315 (a) (b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Not Applicable